
**CREDIT NUMBER 7254-PK (CONCESSIONAL CREDIT)
CREDIT NUMBER 7255-PK (NON-CONCESSIONAL CREDIT)**

Financing Agreement

(Sindh Water and Agriculture Transformation Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 7254-PK (CONCESSIONAL CREDIT)
CREDIT NUMBER 7255-PK (NON-CONCESSIONAL CREDIT)

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the ISLAMIC REPUBLIC OF PAKISTAN (“Recipient”) and the 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) 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient to assist in financing the project described in Schedule 1 to this Agreement (“Project”):
 - (a) a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to seventy-six million four hundred thousand Special Drawing Rights (SDR 76,400,000); and
 - (b) a credit, which is deemed as Non-concessional Financing for purposes of the General Conditions, in the amount of one hundred ninety-four million Dollars (\$194,000,000), as such amount may be converted from time to time through a Currency Conversion (Non-Concessional Credit”).

(The Concessional Credit and the Non-Concessional Credit jointly referred to, variously, as “Credit” or “Financing”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Payment Dates for the Financing are May 15 and November 15 in each year.
- 2.04. The Payment Currency for the Financing is Dollar.

ARTICLE III — CONCESSIONAL CREDIT TERMS

- 3.01. The Maximum Commitment Charge Rate for the Concessional Credit is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance of the Concessional Credit.
- 3.02. The Service Charge for the Concessional Credit is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance of the Concessional Credit.
- 3.03. The Interest Charge of the Concessional Credit is one and a quarter percent (1.25%) per annum on the Withdrawn Credit Balance of the Concessional Credit.
- 3.04. The principal amount of the Concessional Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

ARTICLE IV — NON-CONCESSIONAL CREDIT TERMS

- 4.01. The Front-end Fee for the Non-Concessional Credit is one quarter of one percent (1/4 of 1%) of the Non-Concessional Credit amount.
- 4.02. The Commitment Charge for the Non-Concessional Credit is one-quarter of one percent (1/4 of 1%) per annum on the Unwithdrawn Financing Balance of the Non-Concessional Credit.
- 4.03. The Interest Charge for the Non-Concessional Credit is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General Conditions.
- 4.04. The principal amount of the Non-Concessional Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 4 to this Agreement.

ARTICLE V — PROJECT

- 5.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project and cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

ARTICLE VI — TERMINATION

- 6.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 6.02. For purposes of Section 10.05 (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 Signature Date.

ARTICLE VII — REPRESENTATIVE; ADDRESSES

- 7.01. The Recipient's Representative is the Secretary, Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of the Recipient's Ministry of Economic Affairs.

- 7.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

Ministry of Economic Affairs
Government of Pakistan
Islamabad
Pakistan; and

- (b) the Recipient's Electronic Address is:

Facsimile: E-mail:
92-51-910-4016 secretary@ead.gov.pk

- 7.03. For purposes of Section 11.01 of the General Conditions:

- (a) The Association's address is:

International Development Association
818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

- (b) the Association's Electronic Address is:

Telex: Facsimile: E-mail:
248423 (MCI) 1-202-477-6391 CMUPakistan@worldbank.org

AGREED as of the Signature Date.

ISLAMIC REPUBLIC OF PAKISTAN

By



Authorized Representative

Name: Kazim Niaz

Secretary Ministry of Economic Affairs

Title: _____

Date: 06-Jan-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Najy Benhassine

Title: Country Director

Date: 24-Dec-2022

SCHEDULE 1

Project Description

The objectives of the Project are to increase agricultural water productivity in Selected Farmers' Organization command areas, improve integrated water resources management, and contribute to restoring crop production by small and medium-sized farmers affected by the 2022 floods.

The Project consists of the following parts:

Part 1. Water Resources Management

- 1.1: Provision of technical assistance to develop a unified legal framework for IWRM and irrigation services, inform water pricing reforms, and support the transition of the Irrigation Department into an Irrigation and Water Resources Department.
- 1.2: Provision of technical assistance for the development of a Sindh Strategic Water Plan.
- 1.3: Establishment of a hydro-agro informatics program and associated center to monitor and provide information on water balances, cropping patterns, irrigation requirements and drought and flood monitoring, and other relevant services to various government departments and the public.

Part 2. Water Service Delivery

- 2.1: Carrying out of investments related to irrigation and agriculture in the Selected FOs by SIDA through FO Subprojects, including new structures for better water control and water flow measurement, canal reshaping and lining, improving drainage canals, and canal ancillary structures such as footpaths and bridges.
- 2.2: Capacity building of SIDA, AWB and Selected FOs, including promoting participatory irrigation management, introducing better water control management practices, improved irrigation scheduling, and increasing accountability of the AWB and Selected FOs to provide adequate service to farmers.
- 2.3: Upgrading of Akram Wah canal and provision of technical assistance to support SIDA in the upgrading of Akram Wah canal.
- 2.4: Provision of technical assistance for the preparation of investment studies, including the Safeguard Instruments, and for the renovation of main canals on the Right Bank of the Indus River.

Part 3. Targeted Agricultural Incentives and Investments

- 3.1: Carrying out of investments related to agriculture in the Selected FOs by the Agriculture Department through FO Subprojects for the improvement of on-farm water management, high-efficiency irrigation systems, land leveling, drainage improvements and provision of training on climate smart agriculture practices.
- 3.2: Provision of Smart Subsidy Grants to small farmers to provide an incentive for the cultivation of high value, water thrifty crops.
- 3.3: Improvement of agricultural statistics, crop reporting, market information, and agricultural research including enhancing salinity and waterlogging applied research activities.
- 3.4: Enhancement of agriculture value chains for high-value, water-thrifty crops by supporting farmers and agricultural small enterprises, including activities such as: (a) assessment of different areas and markets to identify candidate value chains and associated constraints; (b) provision of technical assistance and subsidized investments in accordance with the Project Operations Manual; and (c) provision of technical assistance to develop the provincial agricultural warehouse receipt system.
- 3.5: Implementation support to the ADU.

Part 4. Project Coordination and Monitoring

Support to the PCMU for the overall Project coordination and monitoring, ensuring the integration of the components to address the water-agriculture nexus.

Part 5. Agricultural Flood Emergency Rehabilitation

Support to small and medium sized farmers to help recover from the 2022 floods, including: (a) provision of Cash Transfers to small and medium sized farmers to enable them to purchase inputs and services; and (b) technical assistance to ensure program implementation, monitoring, and evaluation.

Part 6. Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. On-lending Arrangements.

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 as shall have been received from the Association and in accordance with the provision of this Agreement and the Recipient's on-lending policies and budgetary procedures.
2. Notwithstanding paragraph one (1) above, in the event that any of the provisions of this Agreement, including the instructions that the Association shall have specified by notice to the Recipient pursuant to Section IV.A.1 of this Schedule, are inconsistent with the budgetary procedures of the Recipient, the provisions of this Agreement shall govern.
3. The Recipient shall exercise its rights under on-lending arrangements referred to in Section I.A.1 of this Schedule 2 in such manner as to protect its interests and those of the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive its rights under such arrangements.

B. Institutional Arrangements.

1. The Recipient shall cause the Project Implementing Entity to ensure the following committees and agencies function in accordance with Section I.A.1 of the Schedule to the Project Agreement:
 - (a) ADU;
 - (b) PCMU;
 - (c) SIDA; and
 - (d) Project Technical Committee.
2. The Recipient shall cause the Project Implementing Entity to establish within one (1) month from the Effective Date and maintain throughout the period of the implementation of the Project, the Project Steering Committee in accordance with Section I.A.2 of the Schedule to the Project Agreement.

C. Operations Manuals, and Project Implementation Arrangements

1. The Recipient shall cause the Project Implementing Entity to:
 - (a) prepare and promptly furnish to the Association for its review, and adopt, by no later than one (1) month after the Effective Date, a Project Operations Manual in a manner and substance satisfactory to the Association, setting out detailed arrangements and procedures for implementation of the Project including *inter alia*:
 - (i) implementation arrangements including delineation of role and responsibility of various departments, entities, institutions and agencies involved in Project implementation and their coordination, including the eligibility criteria and selection procedures for the Subprojects;
 - (ii) the procurement procedures and standard procurement documentation;
 - (iii) disbursement arrangements, financial management procedures and audit procedures;
 - (iv) Personal Data collection/processing;
 - (v) annual work plan and budget preparation and review procedures;
 - (vi) the Project performance indicators and monitoring and evaluation arrangements;
 - (vii) arrangement and procedures for environment and social safeguard management including social monitoring and gender strategy;
 - (viii) public awareness and communication arrangements; and
 - (ix) administrative, financial, technical, and organizational arrangements and procedures as shall be required for the Project; and
 - (b) thereafter, implement the Project in accordance with the Project Operations Manual.
2. The Recipient shall cause the Project Implementing Entity to carry out Part 3.2 of the Project in accordance with the Smart Subsidy Manual.
3. The Recipient shall cause the Project Implementing Entity to carry out Part 5 of the Project in accordance with the FERC Manual.

4. The Recipient shall ensure the Project Implementing Entity does not amend, abrogate, or suspend, or permit to be amended, abrogated, or suspended any provision of any of the Operations Manuals without the prior written agreement of the Association.
5. Notwithstanding the foregoing, if any provision of any Operations Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail. Subject to the prior written agreement of the Association, the Recipient shall cause the Project Implementing Entity to update any Operations Manual, as necessary, at all times ensuring compliance thereof with the terms of this Agreement.
6. The Recipient shall, or cause the Project Implementing Entity to, ensure that collection, storage, usage, or processing of Personal Data are carried out with due regard to appropriate data protection and privacy standards and practices.

D. Annual Work Plans and Budgets

1. 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 April 30 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 two (2) 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. Safeguards.

1. Safeguard Instruments

1. The Recipient shall ensure and cause the Project Implementing Entity to ensure that the Project is carried out with due regard to appropriate health, safety, social, and environmental standards, and practices, and in accordance with the Safeguards Instruments.
2. The Recipient shall ensure, and cause the Project Implementing Entity to ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply

with the relevant aspects of Safeguard Instruments; (b) adopt and implement measures to assess and manage the risks and impacts of labor influx and workers' camps; and (c) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures on environmental, social, health and safety, gender-based violence and violence against children; all as applicable to such civil works commissioned or carried out pursuant to said contracts.

3. Except as the Association shall otherwise agree, the Recipient shall ensure, and cause the Project Implementing Entity to ensure, that none of the provisions of the Safeguard Instruments is abrogated, amended, repealed, suspended, or waived. In case of any inconsistencies between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall ensure, and cause the Project Implementing Entity to ensure that:
 - (a) for each activity under the Project for which the ESMF, and/or the RPF provide for the preparation of a Subproject ESIA, and/or a Subproject ESMP, and/or a Subproject RAP:
 - (i) proceed to have such Subproject ESIA, and/or Subproject ESMP and/or Subproject RAP as appropriate: (A) prepared and disclosed in accordance with the ESMF and/or the RPF, respectively; (B) consulted upon adequately with people affected by the Project as per the ESMF and/or the RPF, respectively, and submitted to the Association for review and approval; and (C) thereafter adopted, prior to implementation of the activity; and
 - (ii) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such Subproject ESIA, and/or Subproject ESMP and/or Subproject RAP in a manner satisfactory to the Association;
 - (b) all measures are taken to implement the Subproject RAPs and the Akram Wah SMRP, in a manner and timeframe satisfactory to the Association. To this end, the Recipient shall ensure that:
 - (i) funds are made available to cover all the costs of implementing the Subproject RAPs and the Akram Wah SMRP;

- (ii) prior to carrying out activities which involve displacement, Affected Persons shall be compensated at full replacement cost, resettled and provided with assistance in accordance with the Subproject RAPs;
 - (iii) prior to carrying out any upgradation works of the Akram Wah canal under Part 2.4 of the Project, related compensations shall be paid in accordance with the Akram Wah SMRP, in a manner satisfactory to the Association; and
 - (iv) the implementation, monitoring and evaluation of such Subproject RAPs and the Akram Wah SMRP are completed and reported in a manner satisfactory to the Association.
5. Except as the Association shall otherwise agree in writing, the Recipient shall ensure, and cause the Project Implementing Entity to ensure, that none of the provisions of the Safeguard Instruments be abrogated, amended, repealed, suspended, or waived. In case of any inconsistencies between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2. Technical Assistance

1. The Recipient shall ensure, and cause the Project Implementing Entity to ensure that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association; and (b) such terms of reference shall require the technical assistance, design and capacity building activities to take into account the requirements of the applicable Association's Safeguards Policies and EHS Guidelines.

3. Monitoring and Reporting

1. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, and cause the Project Implementing Entity to:
- (a) take all measures necessary on its part to regularly collect, compile, and submit to the Association, on a quarterly basis, and promptly in a separate report whenever the Association may require, information on the status of compliance with the Safeguards Instruments, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the Safeguards Instruments; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the Safeguards Instruments; and (iii) corrective and preventive measures taken or required to be taken to address such conditions;

- (b) promptly furnish to the Association a copy of each quarterly progress report prepared and submitted by any entity (including any engineer) supervising the Project's civil works, the Project's contractors and/or subcontractors; and
- (c) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers.

4. Grievance Mechanism

1. The Recipient shall, and shall cause the Project Implementing Entity to, maintain, throughout Project implementation, and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

5. Dam Safety

Existing Dams

1. To ensure the proper management and safety of the Sindh barrages, the Recipient shall, or shall cause the Project Implementing Entity, to:
 - (a) carry out a safety inspection and assessment of the Kotri Barrage by independent experts whose terms of reference, qualifications, and experience shall be satisfactory to the Association, and to retain the experts for further safety review if required remedies are identified; and
 - (b) in accordance with terms of reference and schedule satisfactory to the Association: (i) prepare the safety inspection report, an operation and maintenance plan and emergency preparedness plan for the Kotri Barrage, based on the results of said inspection and assessment; (ii) prepare an operation and maintenance plan and emergency preparedness plan for Guddu and Sukkur Barrages; (iii) ensure that said inspection report and plans ("Dam Safety Plan") take into account inter-coordination between the three (3) barrages; (iv) furnish such Dam Safety Plan to the Association for its review; and (v) ensure adequate implementation of the Dam Safety Plan.

F. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 6 of the Project (“Contingent Emergency Response Part”), the Recipient shall ensure that:
 - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
 - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
 - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.
3. The Recipient shall ensure that:
 - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in

accordance with the CERC Manual, and in form and substance acceptable to the Association; and

- (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 to this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to: (a) finance Eligible

Expenditures; and (b) pay the Front-end Fee; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Concessional Credit (Credit No. 7254-PK) Allocated (expressed in SDR)	Amount of the Non-Concessional Credit (Credit No. 7255-PK) Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) (a) Goods, works, non-consulting services, Incremental Operating Costs, Training, and consulting services under Parts 1 through 4 of the Project, except for those financed under Category (1)(b), under the Project under PCMU, SIDA and ADU (b) Goods, works, non-consulting services, Incremental Operating Costs, Training, and consulting services. for Eligible Expenditures for PBCs (EEPBCs) under the Parts 1 through 4 of Project, PCMU, SIDA and ADU	0	\$156,715,000	100%
(2) Smart Subsidy Grant under Part	0	\$16,800,000	100% of amounts disbursed

3.2 of the Project under ADU			
(3) Cash Transfer, services and Incremental Operating Costs under Part 5 of the Project under ADU	76,400,000	0	100% of amounts disbursed
(4) Emergency Expenditures under Part 6 of the Project	0	0	100%
(5) Front-end Fee	—	485,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 3.08 (b) of the General Conditions
TOTAL AMOUNT	76,400,000	194,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

- (a) for payments made prior to the Signature Date, except that:
 - (i) for Non-concessional Credit (Credit No. 7255-PK) withdrawals up to an aggregate amount not to exceed \$20,000,000 may be made for payments made prior to this date but on or after July 1, 2022, for Eligible Expenditures under Category (1)(a);
 - (ii) for Concessional Credit (Credit No. 7254-PK) withdrawals up to an aggregate amount not to exceed SDR 30,560,000 may be made for payments made prior to this date but on or after July 1, 2022, for Eligible Expenditures under Category (3);

- (b) under Category (1)(b) for Goods, works, non-consulting services, Incremental Operating Costs, Training and consulting services for Eligible Expenditures for PBCs (EEPBCs) under the Parts 1 through 4 of the Project, until and unless the Recipient has furnished evidence satisfactory to the Association that the PBC indicated in the Annex to this Schedule has been met;
- (c) under Category (2) for Smart Subsidy Grant under Part 3.2 of the Project, until and unless the Smart Subsidy Manual, satisfactory to the Association, has been adopted by the Project Implementing Entity;
- (d) under Category (3) for Cash Transfer, services, and Incremental Operating Costs under Part 5 of the Project, until and unless the FERC Manual, satisfactory to the Association, has been adopted by the Project Implementing Entity; or
- (e) under Category (4) for Emergency Expenditures under Part 6 of the Project, unless and until all of the following conditions have been met in respect of said expenditures:
 - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (4); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.

2. The Closing Date is December 31, 2028.

C. Performance-based Conditions (“PBCs”)

1. With respect to PBCs related to Category (1)(b), the Recipient may request withdrawals of IDA financing for floating PBCs when the relevant expenditures (EEPBCs) have been incurred, prior to the PBCs having been met, provided that the Recipient shall: (a) meet such PBCs no later than the Closing Date; and (b) submit to the Association evidence satisfactory to the Association of such PBCs having been met no later than the Disbursement Deadline Date, after furnishing evidence satisfactory to the Association in accordance with the verification protocols agreed with the Association and as verified by the Project Implementing Entity, and as set forth in the Project Operations Manual. If by or before the Disbursement Deadline Date, the Recipient has failed to provide the Association evidence satisfactory to the Association that the floating PBCs related to Category (1)(b) have been fully met, the Recipient shall, upon notice from the Association,

promptly refund to the Association the Withdrawn Credit Balance related to such Category (1)(b). Except as the Association may otherwise determine, the Association shall cancel all amounts refunded pursuant to this Section.

2. Notwithstanding the provisions of Section III.C.1 above of this Schedule 2, the amount of the Credit to be withdrawn upon the verified achievement of any PBC shall not exceed the lesser of: (a) the amount allocated against such PBC; and (b) the amount of the PBC expenditures (EEPBCs) under Category (1)(b), including those incurred but not yet paid by the proceeds of the Credit, at the date of submission of such withdrawal application.

ANNEX TO SCHEDULE 2

PBC Table

PBC Number	PBC	Amount
PBC-1: New Water Bill	The Sindh Law and Parliamentary Affairs Department submits a draft water resources bill for consideration by the Sindh Provincial Assembly that replaces the Irrigation Act (1879) and the Ordinance to create a unified legal framework for IWRM and irrigation services.	\$5,000,000
PBC-2: Water Pricing Reform	The Sindh Irrigation Department undertakes a water pricing reform study and increases <i>Abiana</i> rates after due consideration of study recommendations.	\$5,000,000
PBC-3: Wheat Strategic Reserve Monitoring	The Sindh Food Department puts in place a wheat market monitoring system to increase transparency and predictability, and publishes an annual report based on said system for at least two years in a row.	\$5,000,000
PBC-4: New Policy on Agriculture Research and Extension (R&E)	The Cabinet of the Project Implementing Entity adopts a program that: i) increases the provincial budget for agriculture and livestock research as a percentage of Sindh agriculture GDP; and ii) establishes an autonomous SARB with representatives from government, academia, private sector, and farmers to plan, allocate funds, and monitor the provincial R&E system.	\$5,000,000

SCHEDULE 3

Repayment Schedule of the Concessional Credit

Date Payment Due	Principal Amount of the Concessional Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing May 15, 2028 to and including November 15, 2047	1.65%
commencing May 15, 2048 to and including November 15, 2052	3.40%

* The percentages represent the percentage of the principal amount of the Concessional Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

SCHEDULE 4

Repayment Schedule of the Non-Concessional Credit

The following table sets forth the Principal Payment Dates of the Non-Concessional Credit and the percentage of the total principal amount of the Non-Concessional Credit payable on each Principal Payment Date (“Installment Share”).

Customized Amortization Repayment Schedule

The Recipient shall repay the principal amount of the Non-Concessional Credit as follows:

Principal Payment Date	Installment Share
May 15, 2030	1%
November 15, 2030	1%
May 15, 2031	1%
November 15, 2031	1%
May 15, 2032	1%
November 15, 2032	1%
May 15, 2033	1%
November 15, 2033	1%
May 15, 2034	1%
November 15, 2034	1.5%
May 15, 2035	1.5%
November 15, 2035	1.5%
May 15, 2036	2%
November 15, 2036	2%
May 15, 2037	2%
November 15, 2037	2.5%
May 15, 2038	2.5%
November 15, 2038	3%
May 15, 2039	3%
November 15, 2039	3%
May 15, 2040	3%
November 15, 2040	3%
May 15, 2041	3%
November 15, 2041	3%
May 15, 2042	3%
November 15, 2042	3%
May 15, 2043	3%
November 15, 2043	3%
May 15, 2044	3%

November 15, 2044	3%
May 15, 2045	3%
November 15, 2045	3%
May 15, 2046	3%
November 15, 2046	3%
May 15, 2047	3%
November 15, 2047	2.5%
May 15, 2048	2.5%
November 15, 2048	2%
May 15, 2049	2%
November 15, 2049	1.5%
May 15, 2050	1%
November 15, 2050	1%
May 15, 2051	1%
November 15, 2051	1%
May 15, 2052	1%
November 15, 2052	1%
May 15, 2053	1%
November 15, 2053	1%
May 15, 2054	1.5%
November 15, 2054	1.5%

APPENDIX

Definitions

1. “*Abiana*” means the water tariffs charged for irrigation services under the Ordinance and Sindh Land Revenue Act 1967.
2. “ADU” means the Agriculture Delivery Unit established in 2022 within the Department of Agriculture of the Project Implementing Entity pursuant to notification no. 19(195)SO(DEV:)/ADU/SWAT issued by Agriculture, Supply and Prices Department of the Project Implementing Entity, as referred to in Section I.A.1(c) of the Schedule to the Project Agreement.
3. “Affected Person” means a person or entity who, on account of the execution of the Project and/or Subprojects, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and, “Affected Persons”, means more than one such Affected Person.
4. “Agriculture Department” means the Agriculture Supply and Prices Department of the Project Implementing Entity, or any successor thereto.
5. “Akram Wah ESIA” means the Akram Wah Environmental and Social Impact Assessment, adopted by the Project Implementing Entity, satisfactory to the Association, and disclosed on the Association’s website on November 7, 2022, which includes the environmental and social management plan and environmental code of practices for the activities under Part 2.3 of the Project, as said instrument may be revised from time to time with the prior written agreement of the Association.
6. “Akram Wah Social Management and Resettlement Plan” or “Akram Wah SMRP” means the Akram Wah Social Management and Resettlement Plan, adopted by the Project Implementing Entity, satisfactory to the Association, and disclosed on the Association’s website on November 7, 2022, which includes the principles, guidelines, procedures, organizational arrangements and budget to implement the resettlement related activities under Part 2.3 of the Project, as said instrument may be revised from time to time with the prior written agreement of the Association.
7. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.

8. “AWB” means the Area Water Board(s) established as semi-autonomous organizations within the Irrigation Department of the Project Implementing Entity under the Ordinance.
9. “Cabinet of the Project Implementing Entity” means the council of ministers led by the chief minister of the Project Implementing Entity.
10. “Cash Transfer” means the transfer of cash through electronic means under Part 5 of the Part 5(a) of the Project, in accordance with the FERC Manual.
11. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
12. “CERC Manual” means the manual referred to in Section I.F of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the Project Operations Manual.
13. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 6 of the Project to respond to an Eligible Crisis or Emergency.
14. “Dam Safety Plan” means: (a) the safety inspection report for Kotri Barrage; and (b) the operation and maintenance plan and emergency preparedness plan for Kotri, Guddu and Sukkur Barrages.
15. “Disbursement Deadline Date” means the final date, established by the Association, for the receipt by the Association of applications for withdrawal and supporting documentation; according to the Disbursement Guidelines, this date may be the same as the Closing Date, or up to four (4) months after the Closing Date.
16. “EHS Guidelines” means the World Bank Group Environmental, Health and Safety Guidelines published on www.ifc.org/ehsguidelines, as said guidelines are updated from time to time.
17. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
18. “Eligible Expenditures for PBCs” or “EEPBCs” each means the costs of goods, works, non-consulting services, Incremental Operating Costs, Training, and consulting services, for PBCs for the Project procured and implemented in line

with agreed procedures acceptable to the Association and as ascertained in the interim unaudited financial report submitted for disbursement.

19. “Emergency Action Plan” means the plan referred to in Section I.F of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
20. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.F of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part”.
21. “Environmental and Social Management Framework” or “ESMF” means the SWAT environmental and social management framework, prepared and adopted by the Project Implementing Entity, satisfactory to the Association, dated October 2022, and as updated to include the addendum to address potential risks related to Part 5 of the Project in November 2022, and disclosed in-country and the Association’s website on November 7, 2022, setting out the principles, rules, guidelines and procedures to screen and assess the potential adverse environmental and social risks and impacts (including health and safety issues) of Project activities, including the risks of gender-based violence and sexual exploitation and abuse, adopt measures to avoid, reduce, mitigate or offset environmental and social adverse risks and impacts , including measures that endeavor to prevent and respond to gender-based violence and sexual exploitation and abuse, the labor management procedure, the stakeholder engagement plan, procedural, budget and institutional arrangements and actions needed to implement these measures, and information on the agency or agencies responsible for addressing the Projects’ risks and impacts; as well as for the preparation of Subproject ESIA and/or Subproject ESMP, as such Framework may be amended by the Project Implementing Entity from time to time, with the prior written agreement of the Association.
22. “Farmers’ Organization” or “FO” means a body corporate established under the Ordinance.
23. “FERC Manual” means the manual referred to in Section I.C.3 of Schedule 2 to this Agreement and Section I.B.3 of the Schedule to the Project Agreement, setting forth, *inter alia*, the eligibility criteria, financial management, safeguards, and monitoring and evaluations arrangements under Part 5 of the Project, as the same may be amended from time to time in agreement with the Association, and such term includes any schedules to the FERC Manual.
24. “FO Subproject” means the Subprojects for the Selected FOs under Parts 2.1 and 3.1 of the Project.

25. “GDP” means the gross domestic product.
26. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
27. “Incremental Operating Costs” means the reasonable costs of the incremental expenditures required for the Project, including consumable materials and supplies; office rental costs; utilities fees; insurance; communications; advertising and newspaper subscriptions; printing and stationery costs; vehicle and/or office equipment operation and maintenance; charges for opening and operating bank accounts required for the Project, travel, lodging and per diems for Project staff, but does not include salaries or salary supplements of the Recipient’s or the Project Implementing Entity’s civil servants, except for the salaries and/or salary supplements to the Recipient’s or the Project Implementing Entity’s civil servants formally deputed to the Project to assist in carrying out of the Project activities are entitled to in accordance with the applicable government policies during the period of their deputation.
28. “Irrigation and Water Resources Department” means the Irrigation and Water Resources Department of the Project Implementing Entity proposed to be set up by restructuring the Irrigation Department of the Project Implementing Entity.
29. “IWRM” means integrated water resources management.
30. “Ordinance” means the Sindh Water Management Ordinance (2002).
31. “Operations Manual” means any of the Project Operations Manual, Smart Subsidy Manual, or the FERC Manual; and “Operations Manuals” means all of such manuals.
32. “PBC” means each of the performance-based conditions set forth in the second column of the table provided in Annex to Schedule 2 to this Agreement.
33. “PCMU” means the Project Coordination and Management Unit established within the PDD pursuant to notification no. SO(ADMN.I)(P&D)05(43)/2020 issued by the PDD referred to in Section I.A.1(a) of the Schedule to the Project Agreement.
34. “PDD” means the Planning and Development Department of the Project Implementing Entity, or any successor thereto.
35. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available

information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata, and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.

36. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
37. “Project Implementing Entity” means the Province of Sindh.
38. “Project Operations Manual” means the manual referred to in Section I.C.1 of Schedule 2 to this Agreement and Section I.B of the Schedule to the Project Agreement, as the same may be amended from time to time in agreement with the Association, and such term includes any schedules to the Project Operations Manual.
39. “Project Steering Committee” means the committee established pursuant to Section I.A.2 of the Schedule to the Project Agreement.
40. “Project Technical Committee” means the working group established pursuant to the PDD’s notification (no. SO(ADMN-I)(P&D)12(97)/2016), referred to in Section I.A.1(d) of the Schedule to the Project Agreement.
41. “Resettlement Policy Framework” or “RPF” means the SWAT resettlement policy framework, prepared and adopted by the Project Implementing Entity, satisfactory to the Association, and disclosed on the Association’s website on November 7, 2022, which sets out the resettlement principles, guidelines, organizational arrangements (including consultation and budget), and design criteria for the preparation of Subproject RAPs, as such Framework may be amended from time to time with the prior written agreement of the Association.
42. “Right Bank” means the west side of the Indus River.
43. “Safeguard Instruments” means collectively, the ESMF, Subproject ESIA, Subproject ESMP, Resettlement Policy Framework, Akram Wah ESIA, Akram Wah SMRP, Subproject RAP, and Dam Safety Plan, and any other safeguard instruments that may be prepared and adopted by the Recipient and/or the Project Implementing Entity, satisfactory to the Association, in accordance with the ESMF and/or the RPF; and “Safeguard Instrument” means any of such Safeguards Instrument.
44. “Safeguard Policies” means, the Operational Policies (Ops) and Bank Procedures (BPs) of the Association, namely OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.09 (Pest Management), OP/BP 4.10

(Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), OP/BP 4.37 (Safety of Dams) and OP/BP 7.50 (Projects of International Waterways); they can be found at <https://policies.worldbank.org>.

45. “SARB” means the Sindh Agriculture Research Board of the Project Implementing Entity to be established under PBC-4.
46. “Selected Farmers Organization” or “Selected FO” means the selected FO in the Project Implementing Entity agreed between the Recipient and the Association, in accordance with the eligibility criteria under the FO Subproject Manual.
47. “SIDA” means Sindh Irrigation and Drainage Authority established within the Irrigation Department of the Project Implementing Entity under the Ordinance referred to in Section I.A.1(b) of the Schedule to the Project Agreement.
48. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
49. “Sindh Strategic Water Plan” means the plan to be approved by the Government of the Project Implementing Entity which shall set out the vision, strategic priorities, and actions for the implementation of the IWRM in the Project Implementing Entity.
50. “Sindh Revenue Board” means the board established pursuant to the Sindh Revenue Board Act, 2010 to regulate matters pertaining to fiscal and related economic matters.
51. “Smart Subsidy Grant” means a grant provided under Part 3.2 of the Project, in accordance with the Smart Subsidy Manual.
52. “Smart Subsidy Manual” means the manual referred to in Section I.C.2 of Schedule 2 to this Agreement and the Section I.B.2 of the Schedule to the Project Agreement, setting forth, *inter alia*, the eligibility criteria, financial management, safeguards, and monitoring and evaluations arrangements under Part 3.2 of the Project, as the same may be amended from time to time in agreement with the Association, and such term includes any schedules to the Smart Subsidy Manual.
53. “Subproject” means a specific activity within the Project, which is identified and appraised during the implementation of the Project, selected in accordance with criteria set forth in Section I.D of the Schedule to the Project Agreement and Section I.C.1 of Schedule 2 to this Agreement and in further detail in the Project Operations Manual; and “Subprojects” means two or more of the Subproject.

54. “Subproject Environmental and Social Impact Assessment” or “Subproject ESIA” means: (i) any environmental and social impact assessment to be prepared for civil works to be carried out under a Subproject; and (ii) any site-specific environmental and social impact assessment to be prepared pursuant to the ESMF for a Subproject in each case describing a set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Subproject to avoid, minimize and mitigate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, or to enhance positive impacts, including Sub-project ESMP; as said environmental impact and social assessments: (a) are satisfactory to the Association; (b) have been published by the Recipient; (c) have been published on the Association’s website; and (d) may be amended and/or supplemented from time to time with the prior written agreement of the Association; and “Subproject ESIA’s” means, collectively, all such Subproject ESIA’s.
55. “Subproject Environmental and Social Management Plan” or “Subproject ESMP” means the instrument to be prepared for a Subproject in accordance with the procedures and requirements under the ESMF, satisfactory to the Association, which details: (a) the measures to be taken during the implementation and operation of the Subproject to avoid, minimize, mitigate or offset adverse environmental and social impacts (including health and safety issues), or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, as said instrument may be amended from time to time with the Association’s prior written agreement and “Subproject ESMP’s” means, collectively, all such Subproject ESMP’s.
56. “Subproject Resettlement Action Plan” or “Subproject RAP” means the instrument to be prepared for a Subproject, including an abbreviated resettlement action plan, in accordance with the procedures and requirements of the Resettlement Policy Framework, which includes the principles, procedures, organizational arrangements and budget to implement the resettlement related activities under the Subproject, as said instrument may be revised from time to time with the prior written agreement of the Association; and “Subproject RAP’s” means, collectively, all such Subproject RAP’s.
57. “Training” means the costs of training activities under the Project, including seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to training preparation and implementation, all based on annual work plans and budgets approved by the Association.