Project Agreement

(Central Asia South Asia Electricity Transmission and Trade Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

NATIONAL TRANSMISSION AND DESPATCH COMPANY LTD

Dated April 24, 2015
PROJECT AGREEMENT

Agreement dated April 24, 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and NATIONAL TRANSMISSION AND DESPATCH COMPANY LTD ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the ISLAMIC REPUBLIC OF PAKISTAN ("Recipient") and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in the Recipient's territory, in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required therefor.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in the Recipient's territory in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity's Representative is NTDC's Managing Director.
4.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, D.C. 20433
United States of America

Cable: INDEVAS  Telex: 248423(MCI)  Facsimile: 1-202-477-6391
Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

National Transmission and Despatch Company Ltd.
WAPDA House
Lahore
Pakistan

Phone: (92)-99202229 / 9202211  Facsimile: (92) 99202053
AGREED at Istanbul, Turkey, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Rochid Rennessouad
Title: Country Director

NATIONAL TRANSMISSION AND DESPATCH COMPANY LTD.

By

Authorized Representative

Name: Muhammad Arshad
Title: MD WTDCL
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Project Implementing Entity shall maintain, until the completion of the Project, a Project Management Unit to coordinate the overall carrying out of the Project within the Recipient's territory.

2. The Project Implementing Entity shall not take any action to modify the legal character, ownership, control, or structure of the Project Implementing Entity that might adversely affect the implementation of the Project, without the prior consent of the Association.

3. The Project Implementing Entity shall: (a) take all actions, including ensuring the provision of funds, facilities, services, and other resources, necessary or appropriate for the carrying out of the Project; and (b) not take or permit to be taken any action which would prevent or interfere with the carrying out of the Project.

B. Project Covenants

1. The Project Implementing Entity shall sign a contract for the HVDC transmission line under Part A.1 of the Project by no later than December 31, 2015.

2. The Project Implementing Entity shall sign a contract for the HVDC converter stations under Part A.2 of the Project by no later than December 31, 2015.

3. The Project Implementing Entity shall sign a contract for operations and maintenance of the Project infrastructure by no later than June 30, 2016.

4. The Project Implementing shall ensure that the Core Commercial Agreements to which it is a party are executed and have become effective by the date that is twelve (12) months after the Effective Date.

5. The Project Implementing Entity shall not amend, suspend, abrogate or waive any of the Core Construction Agreements or Core Commercial Agreements to which it is a party in a manner that would affect materially and adversely the carrying out of the Project.
6. **Community Support Program.** The Project Implementing Entity shall not commence construction work for the HVDC transmission line under Part A of the Project until:

   (a) the Operational Manual for the Community Support Program for the Recipient has been adopted, in form and substance satisfactory to the Association; and

   (b) financing shall be secured for the purpose of implementing the Community Support Program in the Recipient's territory, in an amount and on terms and conditions acceptable to the Association.

C. **Anti-Corruption**

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

D. **Safeguards**

1. The Project Implementing Entity shall:

   (a) carry out the Project in accordance with the Safeguards Instruments, including each EMP and RAP to be prepared pursuant to paragraph 7 of this Sub-Section;

   (b) refrain from taking any action, or consenting to an action to be taken, which would prevent or interfere with the implementation of the Safeguards Instruments, including any amendment, suspension, waiver, and/or voidance of any provision thereof, whether in whole or in part, without the prior written concurrence of the Association; and

   (c) promptly and timely provide the financial resources required for the carrying out of the measures stipulated in the Safeguards Instruments.

2. The Project Implementing Entity shall:

   (a) prior to commencing any activity under the Project:

   (i) prepare: (A) the country-specific ESIA for the Project activities to be undertaken in the Recipient's territory, in accordance with the guidelines, standards and procedures set forth in the RIA; 

   (B) each EMP, required by and consistent with the REA and the ESIA; and (C) each RAP required by and consistent with the RPF;
(ii) have the ESIA and each EMP and RAP furnished to the Association for its prior review and approval; and

(iii) adopt and disclose as approved by the Association the ESIA and each EMP and RAP in a manner acceptable to the Association;

(b) thereafter take such measures as shall be necessary to ensure compliance with the requirements of the ESIA and each EMP and RAP; and

(c) in the case of any activity under the Project involving Displaced Persons, ensure that no displacement or loss of income sources or means of livelihood, whether or not the affected persons are displaced, shall occur before necessary resettlement measures consistent with the RAP applicable to such activity have been executed, including, in the case of displacement, full payment to Displaced Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Project Implementing Entity shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESIA, EMPs or RAPs, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall, every three (3) months, collect, compile and furnish, as part of the Project Report, reports on the status of compliance with the Safeguards Instruments giving details on:

(a) the measures taken in furtherance of the Safeguards Instruments;

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

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

5. The Project Implementing Entity shall ensure that each contract procured under the Project includes the obligation of the relevant contractor to comply with the relevant Safeguard Instruments applicable to the respective activities commissioned/awarded pursuant to said contract.

6. In the event of any inconsistency between the provisions of the Safeguards Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.
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 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each such Project Report shall cover the period of one calendar quarter, and shall be furnished to the Recipient not later than one month after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

2. Notwithstanding the provisions of paragraph 1 above, the Project Implementing Entity shall:

   (a) commencing for the calendar quarter that includes the date six months after the Effective Date, prepare and submit to the Recipient for forwarding to the IGC and the Association, Implementation Reports for each quarter in form and substance satisfactory to the Association, which shall include recommended actions to ensure timely implementation of specific targets and milestones relating to the Project; and

   (b) thereafter carry out specific actions and recommendations, as agreed with the Recipient, the Association and IGC respectively.

B.  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 Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity shall have its Financial Statements referred to above audited by independent auditors acceptable to the Association in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one Fiscal Year. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the Association not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Association.
Section III.  **Procurement**

All goods, works and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.