June 29, 2012

Dr. Waqar Masood Khan
Secretary
Economic Affairs Division
Ministry of Economic Affairs and Statistics
Islamabad, Pakistan

Pakistan: Japan PHRD TA Program to Support Disaster Reduction and Recovery Grant
Strengthening Pakistan’s Urban Disaster Response Capacity Project
Grant No. TF011138-PK

Dear Dr. Khan:

In response to the request for financial assistance made on behalf of the Islamic Republic of Pakistan (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development / International Development Association (“World Bank”), acting as administrator of grant funds provided by Japan under the Policy and Human Resources Development (PHRD) Technical Assistance (TA) Program, proposes to extend to the Recipient, a grant in an amount not to exceed two million seven hundred thirty thousand United States Dollars (US$2,730,000) (“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 to 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.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT /
INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

By
Country Director for Pakistan
South Asia Region

AGREED:
ISLAMIC REPUBLIC OF PAKISTAN

[Signature]

By

Name  
Title  
Date

Enclosures:


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

Cc  
Dr. Zafar Iqbal Qadir,
Chairman, National Disaster Management Authority
Prime Minister’s Secretariat, Constitution Avenue
Islamabad, Pakistan
chairman@ndma.gov.pk
ANNEX

Article I
Standard Conditions; Definitions


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. In particular, the following such terms have the following meanings:

(a) "City-Level Emergency Operations Centers" means, collectively, the centers under the Provincial Emergency Operations Centers (as hereinafter defined), responsible for the city-level management of emergency operations, or successors thereto.

(b) "Ministry of Climate Change" means the Recipient’s ministry responsible for the management of climate change or a successor thereto;

(c) "National Disaster Management Authority" means the executive arm of the National Disaster Management Commission (as hereinafter defined), under the Ministry of Climate Change, established and operating pursuant to the Recipient’s National Disaster Management Act 2010 (Act No. XXIV of 2010) dated December 11, 2010 and responsible for federal-level disaster management, or a successor thereto;

(d) "National Disaster Management Commission" means the entity under the Recipient’s Prime Minister, established and operating pursuant to the Recipient’s National Disaster Management Act 2010 (Act No. XXIV of 2010) dated December 11, 2010, responsible for policy-making in relation to disaster management, or a successor thereto;

(e) "National Emergency Operations Center" means the center under the National Disaster Management Authority, responsible for the federal-level management of emergency operations, or a successor thereto;

(f) "Operating Costs" means the incremental operating costs under the Project incurred by the Recipient and the Project Implementing Entity for purposes of Project management and implementation, on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance, and insurance, building and equipment maintenance, domestic travel, lodging, and subsistence allowances, and salaries of contractual and temporary staff, but excluding salaries and any salary supplements of members of the Recipient’s civil service;

(g) "Provincial Disaster Management Authorities" means, collectively, the executive arms of the Provincial Disaster Management Commissions (as hereinafter
defined), responsible for provincial-level disaster management, or successors thereto;

(h) "Provincial Disaster Management Commissions" means, collectively, the provincial governments’ commissions responsible for provincial-level disaster management, or successors thereto; and

(i) "Provincial Emergency Operations Centers" means, collectively, the centers under the Provincial Disaster Management Authorities, responsible for the provincial-level management of emergency operations, or successors thereto; and

(j) "Training" means the cost of training financed under the Project, attributable to in-country seminars, study tours, and workshops, along with the cost of domestic travel and subsistence 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, including fees of educational or other institutions providing training.

Article II
Project Execution

2.01. Project Objective and Description. The objective of the Project is to develop appropriate methodology and guidelines for assessing and subsequently enhancing multi-hazard early warning systems and disaster response capacity of urban local authorities. The Project consists of the following parts:

Component 1: Assessment of Existing Emergency Services, and Capacity Enhancement: (i) conducting an analysis to understand the existing preparedness and emergency response services; (ii) developing an appropriate methodology and guidelines for assessing and subsequently enhancing disaster response capacity of urban local authorities; (iii) conducting an assessment of urban emergency services in two (2) pilot cities; and (iv) establishing a baseline of existing response times in the context of various disasters in the pilot cities; and (v) organizing stakeholder workshops.

Component 2: Assessment of Existing Flood Early Warning System, and Capacity Enhancement: (i) conducting an assessment of existing flood early warning systems in the country in relation to and linkages with major urban centers through a particular focus on two (2) pilot cities, including in relation to how flood-related information is collected, processed, and transmitted to appropriate agencies at various tiers; (ii) identification of existing gaps and the need for training and capacity building of the local authorities in relation to enhanced early warning systems; (iii) establishing a baseline of existing information processing times in the context of flood early warnings in the pilot cities; and (iv) organizing stakeholder workshops.

Component 3: Pilot sub-projects to test the appropriateness of the new methodology: (i) implementing the methodology and guidelines developed and supporting capacity enhancement identified under Components 1 and 2 in two (2) pilot cities; (ii) establishing, in the two (2) pilot cities, City-Level Emergency Operations Centers compatible with Provincial Emergency Operations Centers and the National Emergency Operations Center, to utilize the existing early warning systems and emergency response mechanisms; (iii) providing critical
equipment and systems and requisite training to the emergency response staff to strengthen the city’s early warning systems and emergency response capacity; (iv) reassessing the response time following implementation of the revised procedures and guidelines under the pilot in terms of established baseline information; (v) organizing consultative workshops and seminars and dissemination events to share the outputs with the public; and (vi) conducting training workshops for emergency response staff, city government staff, and provincial and national level disaster management staff on new guidelines and procedures and other disaster preparedness and response-related modules.

Component 4: Project Monitoring and Evaluation: (i) carrying out of overall monitoring and evaluation of all activities under the Project; (ii) establishing similar monitoring and evaluation arrangements at the provincial and city levels and appropriate reporting requirements; (iii) preparing progress reports and a completion report at the end of the Project; (iv) sharing periodically the Project activities and their progress at disaster risk management donor coordination group meetings and seeking donor feedback for further improvements; and (v) preparing an independent evaluation report at the end of the Project.

Component 5: Project Management and Administration: Provision of technical assistance to the National Disaster Management Authority for day to day supervision and management of Project activities.

2.02. Project Execution Generally. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the National Disaster Management Authority ("Project Implementing Entity") in accordance with the provisions of: (a) 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. On-granting

(a) To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity as a capital contribution on a non-reimbursable basis in accordance with the Recipient’s on-granting and budgetary policies and procedures.

(b) Notwithstanding the preceding paragraph, in the event of a conflict between the on-granting and budgetary policies and procedures of the Recipient and the provisions of this Agreement, including such additional instructions as the World Bank shall have specified by notice to the Recipient pursuant to Section 3.01 of this Annex, the provisions of this Agreement, including said additional instructions, shall govern.

(c) The Recipient shall exercise its rights under the on-granting arrangements referred to in paragraph (a) of this Section in such a manner as to protect its interests and those of the World Bank and to accomplish the purposes of the Grant.
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 Recipient’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 set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) capacity and skill gap assessment of emergency services completed;

(ii) general areas identified for capacity building and training;

(iii) methodology and guidelines developed for assessing and subsequently enhancing early disaster response capacity of local authorities;

(iv) capacity and skill gap assessment for flood early warning systems completed;

(v) methodology and guidelines developed for assessing and subsequently enhancing early warning systems;

(vi) provision of critical early warning and response-related equipment and systems to pilot cities;

(vii) integration of existing facilities into City-Level Emergency Operation Centers in selected cities; and

(viii) number of training sessions conducted.

(c) 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 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 quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for 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 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:


(ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("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 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 ("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

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of National Competitive Bidding, subject to the additional procedures set forth in the Appendix to this Annex.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods for those contracts specified in the Procurement Plan: (A) Limited International Bidding; (B) Shopping; (C) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the World Bank; (D) Direct Contracting; (E) Force Account; (F) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank; (G) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been
found acceptable to the World Bank; and (H) 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 item (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 based on Consultants’ Qualifications; (C) Single-source Selection of consulting firms; (D) Selection of Individual Consultants; and (E) 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) 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 USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>1,000,000</td>
<td>100</td>
</tr>
<tr>
<td>(2) Consultants’ services (including for audits)</td>
<td>1,316,000</td>
<td>100</td>
</tr>
<tr>
<td>(3) Training</td>
<td>354,000</td>
<td>100</td>
</tr>
</tbody>
</table>
(c) Operating Costs | 60,000 | 100
TOTAL AMOUNT | 2,730,000

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 July 31, 2015.

**Article IV**

**Additional Remedies**

**Additional Events of Suspension.** The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely, that IBRD or IDA has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by IBRD or IDA, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA (including as administrator of funds provided by another financier), as a result of: (i) a determination by IBRD or IDA that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive, or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and / or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive, or collusive practices in connection with the use of the proceeds of a financing made by such financier.

**Article V**

**Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Secretary, Additional Secretary, Joint Secretary, Deputy Secretary or Section Officer of the Economic Affairs Division of the Ministry of Economic Affairs and Statistics, each of such persons acting individually.

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

Economic Affairs Division  
Ministry of Economic Affairs and Statistics  
Islamabad, Pakistan
5.0: **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

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

Facsimile:
92-51-921-8976
APPENDIX TO ANNEX

National Competitive Bidding: Additional Procedures

The procedures applicable to the procurement of goods under contracts awarded on the basis of National Competitive Bidding shall be those set out in Rules 5 and from 20 till 36 (a) of the Federal Public Procurement Rules (2004) (S.R.O. 432(I)/2004), with the modifications set out below in order to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines, pursuant to paragraph 3.3 of said Guidelines. In the event of a conflict between the Recipient’s procedures and the modifications set out below, the latter shall govern.

(i) Invitations to bid shall be advertised in at least one (1) national newspaper with a wide circulation, at least thirty (30) days prior to the deadline for the submission of bids.

(ii) Bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee.

(iii) Foreign bidders shall not be precluded from bidding, and no preference of any kind shall be given to national bidders in the bidding process.

(iv) Bidding shall not be restricted to pre-registered firms.

(v) Qualification criteria shall be stated in the bidding documents.

(vi) Bids shall be opened in public, immediately after the deadline for the submission of bids.

(vii) Single bids shall also be evaluated.

(viii) Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior written agreement of the World Bank.

(ix) Before rejecting all bids and soliciting new bids, the World Bank’s prior written agreement shall be obtained.

(x) Contracts shall not be awarded on the basis of nationally negotiated rates.

(xi) Contracts shall be awarded to the lowest evaluated and qualified bidder.

(xii) Post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidder.

(xiii) Bids for contracts for works shall be solicited, and such contracts awarded, on the basis of unit price, and not a composite schedule of rates.

(xiv) Draft contracts shall be reviewed by the World Bank in accordance with prior review procedures.
(xv) A firm declared ineligible by the World Bank, based on a determination by the World Bank that the firm has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for or executing a World Bank-financed contract, shall be ineligible to be awarded a World Bank-financed contract during the period of time determined by the World Bank.

(xvi) Each contract financed from the proceeds of the Grant shall provide that the suppliers, contractors, and subcontractors shall permit the World Bank, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the World Bank. The deliberate and material violation by the supplier, contractor, or subcontractor of such provision may amount to an obstructive practice.

(xvii) State-owned enterprises shall be eligible to bid only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Recipient.

(xviii) The World Bank shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the World Bank if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for or executing a contract financed by the World Bank.