

<u>SCHEDA PER:</u> GAZZETTA UFFICIALE		
FIRMA: 29.09.2004	ENTR.VIGORE: 28.09.2012	IN VIGORE: si
PAESE: PAKISTAN		
MATERIA: OOPERAZIONE		
POSIZIONE:	DEPOSITO: Busta n.	
TITOLO: Accordo tra il Governo della Repubblica Italiana ed il Governo della Repubblica Islamica del Pakistan per il Progetto: "Italian Support to the Citizens Damage Compensation Programme - CDCP II.		
FIRMATO a: Islamabad	il: 12.04.2012	
PROVV.LEG.: =	G.U.:	
NOT. () Italia: 24.07.2012 Controparte: 28.09.2012 Ricezione: 11.10.2012	Comunicato G.U.: (Tabella II:)	
DATA ENTR. VIGORE: ...alla data di ricezione dell'ultima di tali notifiche.		
DURATA: fino alla durata del credito di aiuto.		
DEN./DEC.:		
NOTE:		
VD.:		
CLAUSOLA ENTR.VIGORE: Art. 14	ADEMPIMENTI INTERNI:	
"Ciascuna Parte notificherà..il completamento delle formalità richieste..per l'entrata in vigore..Questo Accordo entrerà in vigore alla data di ricezione dell'ultima di tali notifiche."	Ratifica presidenziale senza provvedimenti interni	
Lingue ufficiali: inglese	Uff.negoziatore: DGCS - V	





6511/P/ 252 228

Ministero degli Affari Esteri

Il Ministero degli Affari Esteri presenta i suoi complimenti all'Ambasciata della Repubblica Islamica del Pakistan ed ha l'onore di riferirsi all'Accordo tra il Governo della Repubblica Italiana ed il Governo della Repubblica Islamica del Pakistan per il progetto "Italian Support to the Citizens Damage Compensation Programme - CDCP II", firmato a Islamabad il 12 aprile 2012.

Il Ministero degli Affari Esteri ha l'onore di accusare ricezione della Nota Verbale di codesta Ambasciata n. 5(21)Eur-I/10, del 28 settembre 2012 con la quale codesta Ambasciata ha effettuato la notifica ai sensi dell'art. 14 del suddetto Accordo.

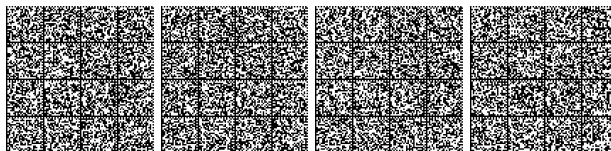
Poiché questo Ministero degli Affari Esteri ha già effettuato la propria notifica con Nota Verbale n. 6511/191774 del 24 luglio 2012, l'Accordo e' entrato in vigore il 28 settembre 2012, conformemente all'art. 14 dello stesso.

Il Ministero degli Affari Esteri si avvale dell'occasione per rinnovare all'Ambasciata della Repubblica Islamica del Pakistan i sensi della sua più alta considerazione.

Roma, li 17 OTT. 2012.



All'Ambasciata della Repubblica Islamica del Pakistan
Via della Camilluccia, 682
00135 ROMA





Deputy Secretary (PC)

Government of Pakistan
Ministry of Economic Affairs & Statistics
Economic Affairs Division

No. 5(21)Eur-I/10
Islamabad, 28th September 2012

SUBJECT: ITALIAN SOFT LOAN OF €57.75 MILLION FOR CITIZENS
DAMAGE COMPENSATION PROGRAMME (CDCP) II

Reference the subject above.

2. It is informed that the Inter-Government Agreement signed between the Government of Pakistan and the Government of Italian Republic on April 12, 2012 for €57.75 million support for CDCP-II has been ratified by the Cabinet in its meeting held on September 26, 2012.

(Iftikhar Amjad)

(DR. IFTIKHAR AMJAD)
Deputy Secretary
Economic Affairs Division
Government of Pakistan
Islamabad

Mr. Domenico Bruzzone
Director Overseas Technical Unit (UTL)
Embassy of Italy
Diplomatic Enclave, G-5
Islamabad





Ministero degli Affari Esteri

6511/191774

NOTA VERBALE

Il Ministero degli Affari Esteri presenta i suoi complimenti all'Ambasciata della Repubblica Islamica del Pakistan ed ha l'onore di riferirsi all'Accordo tra il Governo della Repubblica Italiana ed il Governo della Repubblica Islamica del Pakistan per il progetto "Italian Support to the Citizens Damage Compensation Programme – CDCP II", firmato a Islamabad il 12 aprile 2012.

Il Ministero degli Affari Esteri ha l'onore di notificare con la presente, ai sensi dell'articolo 14 dell'Atto internazionale sopra citato, che da parte italiana sono state portate a termine le procedure richieste dall'ordinamento interno per l'entrata in vigore dell'Accordo stesso.

Conformemente al suddetto articolo, l'Accordo entrerà in vigore alla data di ricezione dell'ultima notifica con cui le Parti si saranno comunicate ufficialmente il completamento delle rispettive procedure di ratifica.

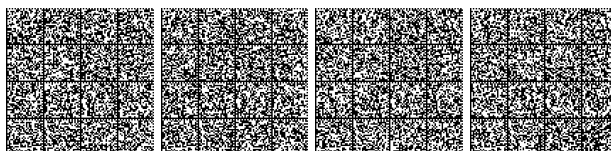
Il Ministero degli Affari Esteri ha l'onore di chiedere cortesi notizie in merito allo stato delle procedure interne da parte pakistana e si avvale dell'occasione per rinnovare all'Ambasciata della Repubblica Islamica del Pakistan gli atti della sua più alta considerazione.

Roma



24 LUG. 2012

All'Ambasciata della Repubblica Islamica del Pakistan
Via della Camilluccia, 682
00135 - ROMA



AGREEMENT
between
THE GOVERNMENT OF THE ITALIAN REPUBLIC
and
THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN
for the Project
"ITALIAN SUPPORT TO THE CITIZENS DAMAGE COMPENSATION PROGRAMME -
CDCP II"

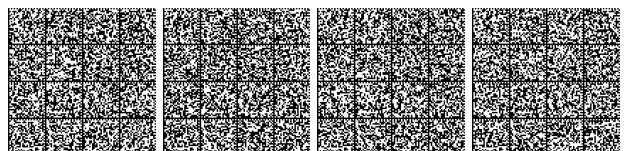
The Government of the Italian Republic and the Government of the Islamic Republic of Pakistan, hereinafter referred to as the "Parties", have decided to enter into this Agreement, hereinafter referred to as the "Agreement", for implementation of the Project "ITALIAN SUPPORT TO THE CITIZENS DAMAGE COMPENSATION PROGRAMME - CDCP II", hereinafter referred to as the "Project".

- WHEREAS the Government of the Italian Republic (hereinafter referred to as the "GoIR") on the occasion of the visit to Pakistan of the Italian Foreign Affairs Minister in November 2010, announced its commitment to support the Government of the Islamic Republic of Pakistan (hereinafter referred to as the "GoP") efforts to mitigate the effects of the 2010 floods that affected over 20 million people and created a massive recovery need in the Country;
- WHEREAS considering that due to the huge economic effort associated with the recovery and reconstruction of livelihoods and infrastructure damaged by the floods, the GoP requested the International Donor Community to provide additional resources and technical expertise in order to cover the financial gap of the CDCP II;
- WHEREAS on November 11, 2010 the GoP officially requested the GoIR to support the second phase of its Citizen's Damage Compensation Programme (CDCP II) that has been designed for providing cash to flood-affected households;
- WHEREAS a Memorandum of Understanding (hereinafter referred to as the "MoU") has been agreed between the Donors and the GoP establishing general criteria for coordination and support modalities of the CDCP II;
- WHEREAS the GoIR intends to participate in the afore mentioned MoU once the present Agreement has been signed;
- WHEREAS on July 25, 2011 the Board of Directors for Development Cooperation of the Italian Ministry of Foreign Affairs approved a Project called "ITALIAN SUPPORT TO THE CITIZENS DAMAGE COMPENSATION PROGRAMME - CDCP II" (hereinafter referred to as the "Project") in the form of a soft loan of up to Euro 57,750,000.00 in support of CDCP II.

The Parties hereby agree to implement the Project according to the following:



Servizio del Contenzioso Diplomatico
 e dei Trattati
 Per copia conforme



CLAUSE 1

PARTS AND DEFINITIONS

This Agreement consists of 14 Clauses and of the following 6 Annexes:

- Annex1: WB CDCP II Project Document (the Programme).
 Annex2: World Bank's "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants January 2011"; "Guidelines: Selection and Employment of Consultants under IBRD Loans & IDA Credits & Grants by World Bank Borrowers January 2011"; "Rapid response to Crises and Emergencies: streamlined Procurement Procedures, guidance to World Bank staff, 2011".
 Annex3: the CDCP II Donors Memorandum of Understanding.
 Annex4: Procurement table for tied component.
 Annex5: Eligibility Criteria, Ethical Clauses, Contract General Principles.
 Annex6: Operational Manual for the CDCP II.

The above-mentioned Annexes shall be considered an essential and substantial part of the Agreement.

Words and acronyms mentioned in the Agreement have the following meaning:

AGREEMENT	The present Agreement, the preamble and the annexes hereto forming an integral part thereof
BORROWER	Government of Pakistan
CDCP-II	Citizen Damage Compensation Programme (CDCP) Phase II of the GoP
EAD	Economic Affairs Division of the Ministry of Finance of Pakistan
FINANCIAL CONVENTION	Agreement between IAB, Italian Financial Institution, acting as the Lender's Agent and the Borrower with a purpose of implementation of this Agreement
GoIR	The Government of the Italian Republic
GoP	The Government of the Islamic Republic of Pakistan
GRACE PERIOD	The period beginning on the date on which the first installment of the Soft Loan is credited on the Nostro Account and during which no repayment is yet due
GRANT	The amount granted by the Italian Government to the GoP for supervision and technical assistance activities
IAB	The Italian Agent Bank, responsible for the management of the Financial Convention to be signed with the GoP for the Project
ITALIAN EMBASSY	The Embassy of the Italian Republic in the Islamic Republic of Pakistan
LOCAL BANK	The Bank selected by the GoP with which the Assignment Account shall be opened
LOAN	The Soft Loan granted by the GoIR to the GoP
M&E	Monitoring & Evaluation

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MoF	The Ministry of Finance of Pakistan
MoU	The Memorandum of Understanding agreed between the GoP and the Donors for the CDCP II
MAE-DGCS	The Ministry of Foreign Affairs of the Italian Republic-Directorate General for Development Cooperation
PARTIES	Collectively, the GoIR and the GoP
PROJECT	The support project to the CDCP II funded by the GoIR
SOFT LOAN	The fund that IAB, in compliance with authorization issued by the Ministry of Economy and Finance and upon the proposal of the Ministry of Foreign Affairs of the GoIR, will grant on the terms and the conditions provided for in the Clause 8 of this Agreement
NOSTRO ACCOUNT	Nostro Account means the interest bearing designated Nostro Account of the State Bank of Pakistan maintained with National Bank of Pakistan, Frankfurt, Germany and denominated in Euro, wherein IAB will make Euro disbursements
ASSIGNMENT ACCOUNT	Assignment Account means a Cabinet Division level donor-designated, non-lapsable, non-interest bearing account open by the Cabinet Division wherein local currency equivalent of IAB's Euro disbursement will be made by the State Bank of Pakistan
UTL	The Development Cooperation Office of the Italian Embassy in Islamabad
WB	World Bank

CLAUSE 2

PROJECT DESCRIPTION

The Project consists of providing assistance to the 2010 floods affected Pakistani population. The use of the Italian contribution to the CDCP II shall be managed by the GoP generally following the same rules and regulations described in the Project Document of the WB, unless differently stated in the Present Agreement.

99% of the total soft loan amount is untied; the remaining 1% is tied and shall be used for procurement of goods and/or services of Italian origin.

CLAUSE 3

INSTITUTIONS AND BODIES INVOLVED IN THE IMPLEMENTATION OF THE PROJECT

The main Institutions and Bodies involved in the implementation of the Project are:

For the GoP:

- i. On behalf of the Islamic Republic of Pakistan, Economic Affairs Division, acting as Pakistani borrower and counterpart for this Agreement ensuring that all Pakistani bodies involved fulfill their obligations;

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- ii. the EAD of the MOF, acting as the main counterpart of the International Donor-Community for Development Cooperation issues;
- iii. the Cabinet Division, acting as Executing Body of the Project;
- iv. the National Database and Registration Authority-NADRA and the Provincial Disaster Management Authorities acting as technical assistance and supporting partners of the Cabinet Division.

For the GoIR:

- i. DGCS, acting as Italian counterpart for this Agreement ensuring that all Italian bodies involved fulfill their obligations;
- ii. IAB, acting as the Lender and signatory for the Italian side of the Financial Convention, designated by the GoIR to provide and manage the soft loan, including disbursements and collection of repayments from the Pakistani Government;
- iii. Italian Embassy, also acting as part of the DGCS Project control system supported by the Italian Cooperation Office (Local Technical Unit-UTL).

CLAUSE 4

OBLIGATIONS OF THE ITALIAN GOVERNMENT

The GoIR engages itself in:

- i. fulfilling all the obligations deriving from this Agreement and from the MoU;
- ii. providing a soft loan up to maximum of Euro 57,750,000.00 to be utilized for financing the activities of the Project.

CLAUSE 5

OBLIGATIONS OF THE PAKISTANI SIDE

The GoP engages itself in fulfilling all the obligations deriving from the present Agreement, in particular:

- i. Ensuring that mandatory preconditions to disbursement from the soft loan set forth in the MoU are fulfilled;
- ii. Ensuring the correct implementation of the Project according to the provisions of the present Agreement as well as those of the MoU and being responsible of the use of the soft loan;
- iii. As stated in the MoU, carrying out regular operational audits of the CDCP II through an independent consulting firm agreeable to the DGCS, in order to review the Project performance;
- iv. Ensuring that appropriate fiduciary and administrative practices and institutional arrangements are adopted to ensure that the proceeds of the soft loan are used only for the purposes for which the soft loan was granted;
- v. Ensuring that the Executing Bodies of the Project will comply with the present agreement.
- vi. Ensuring that DGCS and Italian Embassy personnel will have access through the Government of Pakistan to the project areas and to the Project technical documentation in order to allow for control, monitoring and evaluation activities.

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CLAUSE 6

FINANCING, IMPLEMENTATION, MONITORING AND AUDITING

Immediately after the signature of this Agreement, GoP and the IAB shall enter into a Financial Convention relating to the whole amount of the Project to be financed under the Italians soft loan. Pursuant to the present Agreement the Financial Convention shall provide the legal framework between the Lender and the Borrower and shall specify the procedures for the disbursement and repayment of the soft loan.

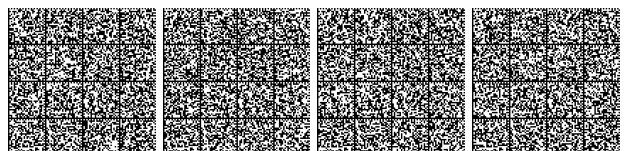
- i. The soft loan shall be disbursed according to the same funds flow mechanism in place for the release of the World Bank contribution to the CDCP II, after the entry into force of the present Agreement as per Clause 14 of the present Agreement by the IAB in consecutive cash transfers and deposited in Nostro Account and equivalent deposit of local currency by the State Bank of Pakistan into the Assignment Account. The disbursement by IAB of cash transfers will take place in principle, in accordance with paragraph 18 of the MoU signed between the Donors i.e. but not exceeding the amount of 15 million Euro each. After the entering into force of this Agreement and of the Financial Agreement, as well as after the accomplishment of the preconditions for disbursement of cash transfers set forth in the MoU, the GoP shall request to the IAB to transfer the first quota into the Nostro Account.
- ii. Subsequent transfers will be settled by IAB upon receipt and approval by IAB and DGCS of the relevant Interim Financial and Narrative Reports as well as, once available, of the Consolidated Audit Report(s) submitted by the GoP, regarding the receipts and expenditures incurred under the CDCP II. Once the cumulated payments from the Italian Soft Loan will be equal or will exceed 28,000,000.00 Euro, the first subsequent payment shall take place only after the approval by MAE-DGCS of the Consolidated Audit Report and the approval by MAE-DGCS of a specific audited financial report on the use of the previously transferred tranches prepared by a private, qualified Auditing Company according to international standards and paid with the proceeding of the untied quota of the Italian soft loan. Amounts not approved by MAE-DGCS and the IAB will be deducted from the subsequent cash transfer.

The Soft Loan financing is divided in two main Components according to the component table showed here below:

- a. the untied quota of the soft loan (99% of the total amount), will be managed by the GoP for providing cash transfers to eligible flood affected households under the CDCP II, with the same procedures applied in managing the approved IDA grant for the same purpose and according to ANNEX 2, as well to procure financial auditing services to be provided by a private, qualified Auditing Company;
- b. the tied amount of the soft loan, in consultation with the Cabinet Division will be managed by the GoP for procuring services and goods from Individuals or Companies of Italian origin. Procedures to be applied will be the same in use for procurement of similar services with IDA grant for the CDCP II with the exceptions showed in ANNEX 4 (Procurement Table for tied soft loan tied component). In this case procurement control shall be directly performed by DGCS. ANNEX 5 (Eligibility criteria, Ethical Clauses and Contract General

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Principles) and) shall also apply. Services and goods needed for the implementation of the Project to be procured with the tied quota of the soft loan, shall be jointly agreed by the Parties in a Procurement Plan to be prepared immediately after the receipt by the GoP of the first tranche of the soft loan and to be submitted to DGCS for approval prior to proceed with procurement.

Soft Loan Components (amounts in Euro)

1	UNTIED Component	
1.1	Cash transfer to eligible households under CDCP II	57,100,000.00
1.2	Procurement of Financial Auditing Services	72,500.00
2	TIED Component	
2.1	Procurement of Technical Assistance and Training services and Goods	577,500.00
GRAND TOTAL		57,750,000.00

- iii. 1 year after the disbursement of the last cash transfer, in addition to available Audited Financial Reports prepared by GoP, a Final Cumulative Financial Report shall be prepared according to international standards by a private, qualified Auditing Company paid from the proceedings of the untied quota of the Italian soft loan that shall be approved by MAE-DGCS and IAB. This report shall cover the total amount of the expenditures related to the total amount of cash transfers.
- iv. In case the amount of the soft loan shall be not completely utilized after one year from the disbursement of the last cash transfer, the Parties can agree to extend such period, in order to allow for the completion of the activities.
- v. The MAE-DGCS shall join M&E missions to be agreed with other Donors and GoP according to the coordination mechanism established in the MoU. Additional, ad hoc M&E missions could be directly fielded by MAE-DGCS whenever deemed necessary.

CLAUSE 7

SOFT LOAN TERMS AND CONDITIONS

The soft loan shall have a concessionality level of 80%: interest rate, repayment of principals and years of grace shall be determined at the moment of the signature of the Financial Convention.

CLAUSE 8

INTEREST ACCRUED

Interest accrued, if any, from the deposits of the soft loan shall be used to finance Project activities in agreement with MAE-DGCS.

CLAUSE 9

CONTROLS DURING IMPLEMENTATION

MAE-DGCS, in addition to monitoring activities foreseen in the MoU, shall have the right carry out independent monitoring whenever appropriate. Such monitoring activities shall be entirely funded in grant by DGCS through a specific allocation.

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MAE-DGCS reserves the right to control the implementation of the Project and the transparent, effective and efficient use of the funds provided by the GoIR. MAE-DGCS control activities may be carried out both in Italy and locally through: (i) MAE-DGCS experts during specific missions; (ii) personnel of the Development Cooperation Office of the Italian Embassy in Pakistan.

CLAUSE 10

IMPEDIMENTS AND FORCE MAJEURE

In case of impediments to the implementation of the Project due to causes of force majeure recognized by both Parties according to practice (such as wars and armed insurgency, floods, fires, typhoons, earthquakes, labour conflicts and strikes, acts of any government, unexpected transportation difficulties or other causes) or in case of unsuitable security situation, peril or unsafe conditions for the expatriate personnel, as well as in case of lack of access to the project areas and activities by MAE-DGCS-Embassy personnel, the following provisions shall apply:

- i. in case the duration of the impediment to the implementation of the Project is less than 12 months, the Project activities shall be suspended. The residual funds shall be maintained until the impediment finishes and MAE-DGCS authorizes resumption of the Project activities;
- ii. in case the duration of the impediment to the implementation of the Project is greater than 12 months, the Parties shall agree on the destination of the residual funds.

CLAUSE 11

AMENDMENTS TO THE AGREEMENT

The Parties may modify this Agreement at any time. Any modification must be set out in written form through exchange of verbal notes, which shall come into force upon the receipt of the acceptance of the second party.

CLAUSE 12

SETTLEMENT OF DISPUTES

Any dispute between the Parties arising out of the implementation of this Agreement shall be settled amicably by consultations or negotiations between the Parties through diplomatic channels.

CLAUSE 13

TERMINATION OF THE AGREEMENT

MAE-DGCS reserves the right to terminate this Agreement in case of evident, unmotivated and prolonged delays in the implementation of the Project and the projects included and in case of misuse of funds.

In the event resulting from force majeure which permanently prevents the execution of the present Agreement, either Party may terminate the Agreement from the moment when it becomes impossible to carry it out. In case of premature termination of the Agreement, the GoP shall submit to MAE/DGCS a final report and a final financial statement. Any amounts paid by the MAE/DGCS and still outstanding shall be returned to the MAE/DGCS within three months following the

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premature termination. The letters exchanged to this effect and relevant to any of the cases mentioned in this Clause shall become an integral part of the Agreement.

CLAUSE 14

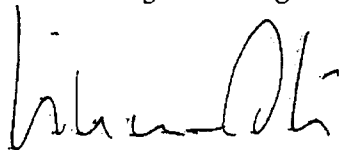
ENTRY INTO FORCE AND DURATION

Each Party shall notify to the other in writing the completion of the formalities required by the respective national laws and regulations necessary for the entry into force of this Agreement. This Agreement shall enter into force on the date of the reception of the last of such notifications.

This Agreement shall have the same duration of the soft loan repayment.

In witness thereof the undersigned, duly authorized by their respective Governments, have signed the present Agreement.

Done in two originals in English language, both texts being equally authentic, on 12/24/2012.



for and on behalf of
the Government of the
Italian Republic

Ambasciatore
Vincenzo Prati

ISLAMABAD



for and on behalf of
the Government of the
Islamic Republic of Pakistan

DR. WAQAR MASOOD KHAN
Secretary
Economic Affairs Division
Government of Pakistan
Islamabad

