Mr. Ali Jan Khan  
Secretary  
Primary and Secondary Healthcare  
Lahore  
Islamic Republic of Pakistan  

Islamic Republic of Pakistan: Punjab Health Sector Reform Project  
(Credit No. 5258-PK)  
Amendment to Project Agreement  

February 15, 2017

Dear Mr. Khan:

We refer to the Financing Agreement, dated December 2, 2013, between the Islamic Republic of Pakistan (the Recipient) and the International Development Association (the Association) for the above-referenced project (the Project) (the Agreement), and the Project Agreement of the same date between the Association and the Province of Punjab in connection with the Agreement. We also refer to the Economic Affairs Division's letter, dated September 16, 2015 and subsequent letter from Finance Department Punjab August 11, 2016, requesting, among other things, extension of the closing date, reallocation the proceeds of the Financing, and amendment of the Project description and implementation arrangements of the Project.

We are pleased to inform you that the Association concurs with the request, and the Project Agreement is amended as set forth below in this amendment subsequent to the request (the Amendment to Project Agreement):

1. Sections I.A.1, I.A.2, I.A.3 and I.A.4 of the Schedule to the Project Agreement are amended as follows:

   "Punjab shall maintain throughout the period of implementation of the Project, a steering committee ("Provincial Steering Committee") headed by the Chairman of Punjab’s Planning and Development Board, and comprised of representatives from, _inter alia_, Punjab's Planning and Development Department, Finance Department, SHMED, PSHD, and PSPU. The Provincial Steering Committee shall be assigned with functions, responsibilities, staff and resources, in each case satisfactory to the Association, as shall be required for the overall strategic policy guidance, interdepartmental coordination and oversight support to the implementation of the Project."

2. Punjab shall maintain throughout the period of implementation of the Project, a technical committee ("Health Technical Committee") under the Secretary of Health within HMED and PSHD, with functions, responsibilities, staff and resources, in each case satisfactory to the Association, as shall be required for overall coordination and planning of Project activities.
3. Punjab shall maintain, throughout the period of implementation of the Project, the PSPU within PSHD with functions, responsibilities, staff and resources, in each case satisfactory to the Association, as shall be required for, *inter alia*: (a) coordinating with sub departments within the PSHD; (b) liaising with Punjab’s Finance and Planning and Development Departments, and development partners; (c) preparing all Project documentation, including periodic financial statements and accounts, monitoring EEP, reporting on Project implementation progress and progress in achieving DLIs and; (c) ensuring compliance with, procurement, financial management and environmental and medical waste management arrangements. To this end, Punjab shall, by no later than three (3) months after the Effective Date, appoint to PSPU and maintain, throughout the period of implementation of the Project, an environmental specialist, with qualifications, experience and terms of reference acceptable to the Association.

4. Punjab shall maintain in each district, throughout the period of implementation of the Project, an Executive District Officer (Health) (“EDOH”) or any other official accorded similar functions, agreed with the Association, to be responsible for, *inter alia*: (a) preparing district plans and budgets; (b) organizing meetings of district review committees; (c) preparing selected development schemes; (d) supervising and monitoring of health activities at the district level; (d) managing intra district transfers and postings; (e) acting as focal point for providing institutional data and information; (f) supervising the performance of contractors providing health care services under Part 2.1 of the Project, including their compliance with the environmental and social requirements set forth in Section I.C of this Schedule; (g) executing the performance management contracts entered into with either PSHD or HMED (as the case may be) under Part 2.2 of the Project.

2. Sections I.E, I.F and I.G of the Schedule to the Project Agreement are deleted in their entirety.

3. Section II.B.5 of the Schedule to the Project Agreement is amended as follows:

“5. Punjab shall, by no later than three (3) months after the Effective Date, appoint to PSPU and maintain, throughout the period of implementation of the Project, a financial management specialist, with qualifications, experience and terms of reference acceptable to the Association.”

4. Section II.B.6 of the Schedule to the Project Agreement is amended as follows:

“6. Punjab shall ensure that, by no later than six (6) months after the Effective Date, the Project internal audit unit shall continue to prepare the plans for periodic payroll audits, in a form and substance satisfactory to the Association, and shall thereafter implement said plans in conformity with an agreed timetable, in a manner acceptable to the Association. Punjab shall ensure that the periodic payroll audit reports prepared in accordance with said plan shall be furnished to the Association not later than two (2) months after the end of the Fiscal Year.”

All other provisions of the Agreement, except as amended herein, remain unchanged.
Please confirm your agreement to the foregoing by signing the form of confirmation set forth below and returning one fully executed original of this Amendment to Project Agreement to us and retaining one original for your records. This Amendment to Project Agreement shall become effective upon countersignature by the Recipient.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]
Patchamuthu Ilangoovan
Country Director, Pakistan
South Asia Region

AGREED

PROVINCE OF PUNJAB

By: ____________________________
Name: __________________________
Title: ALI JAN KHAN
Secretary
Government of the Punjab
P&SHC Deptt
Date: ____________________________