Project Agreement

(Sindh Global Partnership for Education Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of Global Partnership for Education Trust Fund

and

PROVINCE OF SINDH

Dated MARCH 25, 2015
PROJECT AGREEMENT

AGREEMENT dated March 25th, 2015, entered into between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of the Global Partnership for Education Trust Fund, and the PROVINCE OF SINDH ("Sindh") in connection with the Grant Agreement ("Grant Agreement") of same date between and the World Bank and the ISLAMIC REPUBLIC OF PAKISTAN ("Recipient"). The World Bank and Sindh hereby agree as follows:

ARTICLE I—STANDARD CONDITIONS; DEFINITIONS

1.01. The Standard Conditions (as defined in the Appendix to the Grant Agreement) constitute an integral part to this Agreement. To this end, all obligations and responsibilities of the Recipient set forth in Sections 4.02 through 4.06 of Article IV, and Articles V, VI and VII of the Standard Conditions, as well as any references therein to the Grant Agreement, shall be construed, mutatis mutandis, as obligations and responsibilities of Sindh, and references to this Project Agreement respectively.

1.02. Unless the context requires otherwise, the capitalized terms used in this Project Agreement have the meanings ascribed to them in the Grant Agreement (including the Appendix thereto) or the Standard Conditions.

ARTICLE II—PROJECT

2.01. Sindh declares its commitment to the objectives of the Project. To this end, Sindh shall: (i) carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, technical, economic environmental and social standards and practices satisfactory to the World Bank; and (ii) provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and Sindh shall otherwise agree, Sindh shall carry out the Project in accordance with the provisions of the Schedule to this Agreement, and Article II of the Standard Conditions.
ARTICLE III—TERMINATION

3.01. This Agreement shall come into force and effect on the date upon which the Grant Agreement becomes effective.

3.02. This Agreement and all obligations of the World Bank and Sindh thereunder shall terminate on the date on which the Grant Agreement shall terminate in accordance with its terms, and the World Bank shall promptly notify Sindh thereof.

3.03. Unless otherwise terminated pursuant to Section 3.02 above, all the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation, suspension or refund under the Standard Conditions, for a period of ten (10) years after the date of this Agreement.

ARTICLE IV—REPRESENTATIVE; ADDRESSES

4.01. Sindh’s Representative is the Secretary to the Government of Sindh, Education and Literacy Department.

4.02. The World Bank’s Address is:

International Development Association  
1818 H Street, NW  
Washington, DC20433  
United States of America

Cable: Telex: Facsimile:

INDEVAS 248423(MCI) 1-202-477-6391
Washington, D.C.

4.03. Sindh’s Address is:

Education and Literacy Department  
Government of Sindh  
Tughluq House, Sindh Secretariat #2  
Karachi, Sindh  
Islamic Republic of Pakistan

Facsimile:
92-21-9211511
AGREED at Islamabad, Islamic Republic of Pakistan, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the
Global Partnership for Education Trust Fund

By

[Signature]

Authorized Representative

Name: Rachid BenmessAOud
Title: Country Director, Pakistan

PROVINCE OF SINDH

By

[Signature]

Authorized Representative

Name: Dr. Fazal Ullah PechuLI
Title: Secretary, Govt., Sindh
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Sindh shall establish by no later than one (1) month after the date of this Agreement, and thereafter maintain, throughout the period of implementation of the Project, a steering committee (the “Steering Committee”) headed by the Secretary of the Sindh’s Education and Literacy Department (“SED”), and comprised of representatives from, *inter alia*, Finance Department, the Local Government Department, the Accountant-General Office, the Provincial Procurement Regulatory Authority, and the Planning and Development Department; which committee shall be assigned with functions, responsibilities, staff and resources, in each case satisfactory to the World Bank, as shall be required for the overall strategic policy guidance, interdepartmental coordination and oversight support to the implementation of the Project.

2. (a) Sindh shall maintain, throughout the period of implementation of the Project, a reform support unit (“RSU”) with functions, responsibilities, staff and resources, in each case satisfactory to the World Bank.

(b) Without limitation to the provisions of sub-paragraph 2 (a) above, the RSU shall be responsible for policy formulation, coordination, implementation and monitoring of the initiatives under the Project, including: (i) liaising with the relevant stakeholders; (ii) reporting on Project implementation progress, including progress in achieving DLIs, and monitoring EEPs; and (iii) ensuring compliance with the procurement, safeguards, financial management, and monitoring and evaluation arrangements.

(c) Without limitation to the provisions of sub-paragraphs 2 (a) and (b) above Sindh shall:

(i) maintain, throughout the period of implementation of the Project, the Communications Team with functions, responsibilities, staff and resources, in each case satisfactory to the World Bank, to manage communications within the education sector.

(ii) establish by no later than March 1, 2015, and thereafter maintain, throughout the period of implementation of the Project, a HRMIS unit within RSU with functions, responsibilities, staff...
and resources, in each case satisfactory to the World Bank, to
develop and implement the HRMIS under Part 1.2 of the Project.

3. (a) Sindh shall maintain, throughout the period of implementation of the Project, an economic reform unit ("ERU") with functions, responsibilities, staff and resources, in each case satisfactory to the World Bank.

(b) Without limitation to the provisions of sub-paragraph 3 (a) above, the ERU shall be responsible for providing support to SED and other entities at the provincial, regional and district level for, *inter alia*: (i) fiscal and budget management improvements; (ii) budgeting and budget execution; (iii) education sector budgets and expenditure management; (iv) design, implementation, and monitoring of school budgets; and (v) improvements to education-sector employee payroll procedures and practices.

4. Sindh shall maintain, throughout the period of implementation of the Project, an office of a director general, monitoring and evaluation under SED ("DG M&E") with functions, responsibilities, staff and resources, in each case satisfactory to the World Bank, as shall be required for the purpose of, *inter alia*, operating the school monitoring system under Part 1.1 of the Project and coordinating monitoring activities at the district level.

5. Sindh shall establish by no later than March 1, 2015, and thereafter maintain, throughout the period of implementation of the Project, a technical working group, with functions, responsibilities, staff and resources, in each case satisfactory to the World Bank, as shall be required for the purpose of, *inter alia*, coordinating activities related to HRMIS in the education sector.

6. Sindh shall maintain, throughout the period of implementation of the Project, a regional oversight committee (the "Regional Reform Oversight Committee") for each of the Sindh's regions/divisions, with functions, responsibilities, staff and resources, in each case satisfactory to the World Bank, as shall be required for the purpose of providing guidance and reviewing the implementation progress and performance under SESP at the regional and district levels.

7. Sindh shall maintain, throughout the period of implementation of the Project, a Local Support Unit ("LSU") in each district, with structure, functions, responsibilities, staff and resources, in each case satisfactory to the World Bank, as shall be required for the purpose of coordinating, supporting and monitoring the implementation of SESP at the district level.
B. **Anti-Corruption**

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

C. **Project Implementation Manual; HRMIS and SMS Manual**

1. Sindh shall, through SED, adopt by no later than March 1, 2015, the school monitoring system manual ("SMS Manual") in form and substance satisfactory to the World Bank, containing detailed arrangements and procedures for the operation of the school monitoring system under Part 1.1 of the Project, including processes for collection, analysis, dissemination and use of data on specific school-level indicators, including student enrollment and teacher presence.

2. Sindh shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the PIM, the HRMIS and SMS Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the PIM, the HRMIS, or the SMS Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the PIM, the HRMIS or the SMS Manual or any of its provisions without prior approval by the World Bank.

D. **Fiduciary Requirements for the School Non-salary Budgets**

1. In order to comply with its fiduciary responsibilities under the Project, Sindh shall ensure that Regional and district officials and teachers use the School Non-salary Budgets, in accordance with: (i) the School Specific Budgets: Guidelines for the Procurement of Goods by Schools with Drawing and Disbursing Authority and the School specific budgets: Guidelines for the Procurement of Goods by Schools without Drawing and Disbursing Authority (as the case may be), in form and substance acceptable to the Association, and (ii) the provisions of the Anti-Corruption Guidelines.

2. Sindh shall ensure that the guidelines referred in sub-paragraph 1 above, are not amended, waived, terminated, suspended and/or abrogated, whether in whole or in part, without prior approval by the World Bank.

E. **Safeguards**

1. Sindh shall ensure that the activities under the Project:

   (i) are carried out in accordance with the Environmental and Social Management Framework, the objectives, policies and procedures thereof, and the social and environmental mitigation measures and monitoring
requirements provided therein including any and all plans, acceptable to the World Bank, developed thereunder; and

(ii) do not entail involuntary land acquisition or give rise to Affected Persons.

2. In the event that any land is required for the Project, Sindh, in consultation with the World Bank, shall ensure that such land be obtained under a willing-buyer/willing-seller basis, or as a voluntary donation or bequest.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. Sindh, through SED, 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 indicators acceptable to the World Bank. Each such Project Report shall cover the period of a calendar semester (September through February and March through August), and shall be furnished to the Recipient and the World Bank not later than March 31 and September 30, respectively.

2. Without limitation on the provisions of sub-paragraph 1 of this Part, Sindh, through SED, shall ensure that each Region Reform Oversight Committee monitors and evaluates the progress and performance of the Project at the region and districts levels, and submit progress reports, including the minutes of their meetings to SED, in form and manner acceptable to the World Bank. Each such progress report shall cover the period of a calendar semester (September through February and March through August), and shall be furnished to the Recipient and World Bank not later than March 31 and September 30, respectively.

B. Financial Management, Financial Reports and Audits

1. Sindh shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of Sindh, including the operations, resources and expenditures related to the Project.

2. Without limitation on the provisions of Part A of this Section, Sindh shall prepare and furnish to the Recipient and the World Bank the interim financial reports ("IFR"): (a) by no later than May 31 of each year, commencing on May 31, 2015, an IFR for the Project, in form and substance satisfactory to the World
Bank, covering the immediately preceding six-month period (i.e. November through April) of Project activities; and

(b) by no later than November 30 of each year, commencing on November 30, 2015, an IFR for the Project, in form and substance satisfactory to the World Bank, covering the immediately preceding six-month period (i.e. May through October) of Project activities.

3. Sindh shall have its financial statements referred to above audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one fiscal year of Sindh. Sindh shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the World Bank 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 World Bank.

C. Budget Execution Reports

Notwithstanding the reporting requirement set forth in Part B of this Section, Sindh shall prepare quarterly consolidated budget execution reports ("BER") in form and substance satisfactory to the World Bank, setting out values of budgets, actual expenditures incurred and balances thereof, if any, per budget line, for the whole education sector, and summarizing budget allocations and utilization in the EEPs, covering the period from the beginning of fiscal year of Sindh, in which the report is prepared and up to the date of any such reports. The BERs shall be prepared in each calendar quarter, and be submitted to the World Bank no later than thirty (30) days after the end of each such quarter.

Section III. Procurement

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

2. Sindh shall:

(a) establish, by no later than March 1, 2015, a system for the handling of procurement complaints, in a manner and substance acceptable to the World Bank, which system shall include, inter alia, the maintenance of a complaint database, a standard protocol setting forth triggers for carrying out investigations, and a sanctions regime. Notwithstanding the foregoing for any procurement done through International Competitive Bidding, the World Bank’s prescribed complaint redress mechanism shall apply; and
(b) maintain throughout the period of implementation of the Project, a procurement documentation and record keeping system, including a publicly accessible website, in a format agreed with the World Bank, showing, inter alia, the Project procurement plans and official estimates (i.e. unit prices based on market values), complete bidding documents, the status of procurement of various contracts (the summary of proposals/bid evaluations and awards) financed by proceeds of the Grant, performance and payment delays related to such contracts, and a list of procurement complaints and status thereof.