CONFORMED COPY

CIDA GRANT NUMBER TF098382

CIDA Grant Agreement

(Punjab Education Sector Project)

between

ISLAMIC REPUBLIC OF PAKISTAN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of grant funds provided by the Government of Canada,
acting through the Canadian International Development Agency

Dated January 31, 2011
CIDA GRANT NUMBER TF098382

CANADA'S SUPPORT FOR THE PUNJAB EDUCATION SECTOR PROJECT
TRUST FUND - CIDA GRANT AGREEMENT

AGREEMENT dated January 31, 2011, entered into between the ISLAMIC REPUBLIC
OF PAKISTAN (the “Recipient”) and the INTERNATIONAL DEVELOPMENT
ASSOCIATION (the “World Bank”), acting as administrator of the grant funds provided
by the Government of Canada through the Canada’s Support for the Punjab Education
Sector Project Trust Fund (TF071539).

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various
Funds, dated July 31, 2010 (“Standard Conditions”), 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 Standard Conditions or in
this Agreement (including Section I of the Appendix to this Agreement).

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described
in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall
cause the Project to be carried out by the Province of Punjab (the “Project
Implementing Entity”) in accordance with the provisions of Article II of the
Standard Conditions and the agreement dated the same date as this Agreement
between the World Bank and the Project Implementing Entity, as such agreement
may be amended from time to time (“Project Agreement”).

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and
except as the Recipient and the World Bank shall otherwise agree, the Recipient
shall ensure that the Project is carried out in accordance with the provisions of
Schedule 2 to this Agreement.
Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to thirteen million four hundred thirty seven thousand five hundred fifteen United States Dollars (USD13,437,515) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) the Medium-Term Sector Framework has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to achieve the objectives of the Project and/or perform any of its obligations under the Project Agreement;

(b) a situation has arisen which shall make it improbable that the Medium-Term Sector Framework, or a significant part of the core activities thereof, will be carried out; or

(c) the Recipient and/or the Project Implementing have taken any actions that would have the effect of materially reversing the objectives of the Medium-Term Sector Framework, including any action specified in Schedule 3 to this Agreement.

Article V
Recipient’s Representative; Addresses

5.01. 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, Government of Pakistan.

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

The Secretary
Economic Affairs Division
Government of Pakistan
Islamabad,
Islamic Republic of Pakistan

Facsimile:
(92-51) 9202417

5.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INDEVAS
Telex: 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)

AGREED at Islamabad, Islamic Republic of Pakistan, as of the day and year first above written.

ISLAMIC REPUBLIC OF PAKISTAN

By/s/ Sibtain Fazal

Authorized Representative

International Development Association
Acting as administrator of the grant funds provided by the
Government of Canada, acting through the
Canadian International Development Agency

By/s/ Rachid Benmessaoud
SCHEDULE 1

Project Description

The objectives of the Project are to improve access and equity, and the quality and relevance of education in the Province of Punjab.

The Project consists of the following components:

Component 1: Financing of the Punjab Education Sector Reform Program

1. *Enhanced Education Sector Expenditure and Improved Fiduciary Environment:* Improve and/or strengthen the fiduciary practices and institutional capacity in the execution of the education sector expenditures, including the development and implementation of a Medium-Term Sector Framework aligned with the Project Implementing Entity's Medium-Term Fiscal Framework, the reinforcement of systemic and internal controls (internal audits, expenditures tracking and validation), and the improvement of procurement performance in the Project Implementing Entity’s education sector, and social and environmental practices in school rehabilitation and/or construction.

2. *Improved Quality of Education:* (i) Develop and enhance teaching and learning resources and materials for primary and middle schools; (ii) improve teaching practices by supporting the Project Implementing Entity’s Continuous Professional Development Program; (iii) establish a teacher accreditation, certification and licensing system; and (iv) provide Performance-Based Incentives to teachers in the best performing and/or most improving public primary and middle schools.

3. *Improved Education Access and Equity:* (i) Provide basic missing facilities in at least thirty percent (30%) of the Project Implementing Entity’s affected schools; (ii) prepare and implement a policy framework and a medium-term action plan for the upgrading of schools from primary to middle and middle to high school levels; (iii) provide Girl Stipends to approximately three hundred and fifty thousand (350,000) girls; (iv) carry out textbook development and printing reforms, including the adoption of competitive procurement processes, the field-testing of textbooks, and the establishment of a textbook quality evaluation system; and (v) provide financial support to low-cost private sector schools through the Punjab Education Foundation’s public-private partnership program.

4. *School Management, Governance & Monitoring:* (i) Carry out a capacity building program for School Councils in all thirty-five (35) school districts and develop operational guidelines therefor; (ii) develop and implement a medium-term recruitment plan for the recruitment of approximately thirty-four thousand (34,000) contract teachers on a merit-based criteria; (iii) establish an
independent/autonomous and transparent examination and quality assessment system and build capacity thereof; (iv) carry out a multi-year training and capacity program for officers at district level, including the provision of basic IT equipment; and (v) strengthen field monitoring mechanisms and practices, mainstreaming monitoring function in the district education departments, and enhance SED capacity for evidence-based diagnosis and planning of sector reform agenda.

Component 2: Technical Assistance

Provide technical assistance to, and build the institutional capacity of, the Project Implementing Entity's education sector departments and agencies, including: (i) the implementation of accountability reforms in procurement and financial management in the sector; (ii) the carrying out of third party validations of the sector performance in the various aspects of the Punjab Education Sector Reform Program ("PESRP"); (iii) the design of environmental and social guidelines to be applied to the construction, upgrading and/or refurbishing of the education sector infrastructure; and (iv) the implementation of a comprehensive review of the sector organizational structure in order to identify possible management restructurings at both provincial and district levels, improve the quality of education, evaluate the performance of on-going programs under the PESRP, and strengthen the planning and monitoring systems of the education sector.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. On-granting Arrangements

1. To facilitate the carrying out of Part A of the Project, the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity in accordance with the provision of this Agreement and the Recipient’s on-lending policies and budgetary procedures, and under the same terms and conditions as shall have been received from the World Bank.

2. Notwithstanding paragraph (1) above, in the event that any of the provisions of this Agreement, including the instructions that the World Bank shall have specified by notice to the Recipient pursuant to Section IV.A.I of this Schedule, shall be inconsistent with the budgetary procedures of the Recipient relating to the monetary transfers from the Recipient to its provinces, the provision of this Agreement and related instructions shall govern.

2. The Recipient shall exercise its rights under the on-lending arrangements in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, with the modifications set forth in Section II of the Appendix to this Agreement (“Anti-Corruption Guidelines”).

C. Safeguards

The Recipient shall ensure that:

(a) the activities under the Project shall be implemented 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;

(b) no activities involving land taking will be carried out under the Project. The foregoing notwithstanding, in the event that any land acquisition shall be required for the Project, the Recipient shall, in consultation with the World Bank, ensure that such land is obtained under the Land
Acquisition Act (1894) with the exception of clause 17.4 thereof (urgency/emergency clause), or as a donation or bequeath; and

(c) no activity under the Project give rise to Displaced Persons.

D. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Government of Canada’s support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Government of Canada to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. 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 indicators agreed with World Bank. Each Project Report shall cover the period of a calendar semester commencing on April of each year, and shall be furnished to the World Bank not later than fifteen (15) days after the end of the period covered by such report (i.e. October 15 for the report covering the period of April through September in each year, and April 15 for the report covering the period of October through March of each annual cycle).

2. 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. In order to assist the Recipient in preparing the Completion Report, the Recipient may employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank in accordance with the provisions of Section III of this Schedule.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish, to the World Bank the following interim unaudited financial reports ("IUFR") as follows:

(a) by no later than January 15 of each year, an IUFR for the Project, in form and substance satisfactory to the World Bank, covering the immediately preceding six-month period (i.e. July through December) of Project activities under Component 1; and

(b) by no later than June 15 of each year, an IUFR for the Project, in form and substance satisfactory to the World Bank, covering the immediately preceding five-month period (i.e. January through May) of Project activities under Component 1.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III.  Procurement

A. General

1. Procurement and Consultant Guidelines. 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 requirements set forth or referred to in:

(a) Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Procurement Guidelines") in the case of goods and works, and Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004 and revised in October 2006 and May 2010 ("Consultant Guidelines") in the case of consultants’ services; and

(b) the provisions of this Section III, 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 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines ("Procurement Plan").

2. Definitions. The capitalized terms used below in 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts which the World Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (a) National Competitive Bidding, subject to the additional provisions set out in paragraph 3 below; (b) Shopping; and (c) Direct Contracting.

3. **Procedures for National Competitive Bidding (NCB).** The procedures for procuring goods and works under National Competitive Bidding shall be procured in accordance with Rules 5 and 20 through 36(a) of the Recipient’s Public Procurement Rules (2004) (S.R.O. 432(I)/2004), subject to the following additional provisions for compliance with the Procurement Guidelines:

   (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 submission of bids.

   (vii) Single bids shall also be considered for evaluation.

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

   (ix) Before rejecting all bids and soliciting new bids, the World Bank’s prior
concurrency 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 price negotiations shall not be allowed with the lowest evaluated or any other bidders.

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

(xiv) Draft NCB contract would be reviewed by the World Bank in accordance with the 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 in 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 account 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 obstructive practice.

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (a) Selection based on Consultants’ Qualifications; (b) Single-source Selection; and (c) Individual Consultants.

D. Review by the World Bank of Procurement Decisions
1. Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank:

(a) each contract for goods or works procured on the basis of International Competitive Bidding or Direct Contracting;

(b) the first contract for goods and the first contract for works procured on the basis of National Competitive Bidding regardless of their value;

(c) all contracts for works estimated to cost the equivalent of USD300,000 or more;

(d) the first contract for goods and the first contract for works procured on the basis of Shopping;

(e) the first contract for consultants' services provided by a firm regardless of its value;

(f) all contracts for consultants' services provided by a firm estimated to cost the equivalent of USD100,000 equivalent or more;

(g) the first contract for consultants' services provided by individual consultants irrespective of its value; and

(h) all contracts for consultants' services provided by individual consultants estimated to cost the equivalent of USD50,000 or more.

All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of 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 table in paragraph 2 below.

2. The following 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) Eligible Expenditures Program pursuant to the following timetable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) First scheduled disbursement (on or about January 15, 2011)</td>
<td>11,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Second scheduled disbursement (on or about June 15, 2011)</td>
<td>2,437,515</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>13,437,515</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed the equivalent of two million six hundred eighty seven thousand five hundred and three United States Dollars (USD2,687,503) may be made for payments made prior to this date but on or after September 17, 2010, for Eligible Expenditures under Sub-Category 1(a);

   (b) no withdrawal shall be made under Sub-Category (1)(a), until and unless the Recipient shall have complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including the submission to the World Bank of the applicable IUFR and forecasted expenditures under the EEP for the period January 1 through May 31, 2011; and

   (c) no withdrawal shall be made under Sub-Category 1(b) until June 1, 2011, and unless the Recipient shall have:

   (i) complied with the additional instructions referred to in Section IV.A.1 of this Schedule, including the submission to the
World Bank of the applicable IUFR and forecasted expenditures under the EEP for the period July 1 through December 31, 2011; and

(ii) by no later than May 15, 2011, furnished evidence satisfactory to the World Bank of achievement of at least eight (8) DLIs for Actions to be Completed in FY2010/2011, which actions are set out in Schedule 3 to this Agreement.

2. Notwithstanding the foregoing, if the World Bank has:

(a) not been satisfied that at least eight (8) DLIs were timely achieved for purposes of disbursement of Grant proceeds under Sub-Category (1)(b), the World Bank, at its sole discretion, may:

(i) at any later date when the World Bank is satisfied that at least eight (8) DLIs have been achieved, authorize withdrawal of the Grant proceeds withheld under such Sub-Category; and/or

(ii) at any time, by notice to the Recipient, cancel all or part of the amount of the Grant withheld.

(b) been satisfied that at least eight (8) DLIs were achieved for purposes of disbursement of Grant proceeds under Sub-Category (1)(b), but one (1) or more DLIs (up to a maximum of two (2) DLIs) for the Sub-Category concerned has not been achieved, the World Bank, at its sole discretion, may:

(i) withhold an amount of the Grant equivalent to one-tenth (1/10th) of the aggregated amounts of the Grant allocated to Sub-Categories (1)(a) and (1)(b), per DLI that has not been achieved; and

(ii) at a later date, when the World Bank is satisfied that the unmet DLI/s referred to in sub-paragraph (b) above has/have been achieved, authorize withdrawal of the Grant proceeds so withheld pursuant to sub-paragraph (b)(i); and/or

(iii) at any time, by notice to the Recipient, cancel all or part of the corresponding amount of the Grant withheld pursuant to sub-paragraph (b)(i).

3. The Closing Date is December 31, 2011.
**SCHEDULE 3**

**Disbursement Linked Indicators (DLIs)**

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>ACTIONS TO BE COMPLETED IN FY2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Medium-Term Sector Framework (MTSF).</td>
<td>The education sector core program activities for FY2010/11 has been approved and fully financed in accordance with the MTSF.</td>
</tr>
<tr>
<td>2. Improving teachers’ performance</td>
<td>SED has disbursed the performance-linked incentives for FY 2010/2011 to: (A) the 20% highest performing schools in each district, and (B) the schools evidencing the greatest performance improvements, based on the approved criteria, and validated by a third party.</td>
</tr>
<tr>
<td>3. Improvements in Basic School Facilities (i.e. boundary walls, clean drinking water, toilets and electricity).</td>
<td>SED has provided basic missing facilities on a whole-school approach basis to an additional 1500 public schools, as validated by a third party.</td>
</tr>
<tr>
<td>4. School up-gradation.</td>
<td>(i) SED has upgraded an additional 800 primary schools to middle schools, and an additional 200 middle schools to high schools; and (ii) SED has conducted a third party validation of the up-gradation exercise.</td>
</tr>
<tr>
<td>5. Delivery of free textbooks to public schools.</td>
<td>(i) SED has delivered free textbooks to at least 90% of the Project Implementing Entity’s public schools within the first month of the academic year beginning in April 2010; and (ii) SED has commenced the field testing of at least 5 newly developed books, on sample basis, in at least 8 school districts.</td>
</tr>
<tr>
<td>6. Timely provision of Girls' Stipends in grades 6 to 10 in public schools.</td>
<td>SED has delivered the Girls Stipends to at least 90% of the eligible girls (grades 6-10 in public schools) as per the following schedule:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>QUARTER</th>
<th>BY DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct-Dec '09</td>
<td>April 1, 2010</td>
</tr>
<tr>
<td>Jan-Mar '10</td>
<td>July 1, 2010</td>
</tr>
<tr>
<td>Apr-Jun '10</td>
<td>October 1, 2011</td>
</tr>
<tr>
<td>Jul-Sep '10</td>
<td>January 1, 2011</td>
</tr>
<tr>
<td>INDICATOR</td>
<td>ACTIONS TO BE COMPLETED IN FY2010/11</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 7. Public financial support for students in low costs private schools.   | (i) PEF has expanded its financial support to cover approximately 1,500 schools under the FAS Program and 200 schools under the NSP, with appropriate resources (budgetary allocation for PEF Grants for FY 2010/11) in line with the Medium-Term Sector Framework;  
(ii) the Project Implementing Entity has transferred to PEF the pro rata portion of the annual budgeted allocation for PEF Grants within one month of the beginning of each fiscal quarter. |
| 8. Enhance accountability of teachers; capacity building for School Councils; and reduction of teachers absenteeism. | School Councils in at least 95% of the provincial primary and middle public schools have received: (A) SED’s transfers of SC Grants for FY2010/11; and (B) capacity support through arrangement with the RSPs. |
| 9. Teachers recruitment on a merit and need basis.                     | SED implemented teachers’ recruitment rounds as per the agreed recruitment plan, and as validated by a third party.                                                                                                             |
| 10. Examination and Assessment Systems.                                 | (i) PEAS has completed a province-wide assessment on language, mathematics and social studies of students in grade 5 for the academic year beginning in April 2010 in a district-representative sample of public schools;  
(ii) PEAC has completed the analysis of the province province-wide assessment on mathematics of students in grade 5 undertaken in the academic year beginning in April 2009. |
APPENDIX

Definitions and Modifications to the Anti-Corruption Guidelines

Section I. Definitions

1. "Budget Execution Report" and the acronym "BER" mean the consolidated budget execution report to be prepared by the Project Implementing Entity and furnished to the World Bank in accordance with the requirement set out in Section II.C of the Schedule to the Project Agreement.

2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

3. "Continuous Professional Development Program" means the Project Implementing Entity’s program for teachers’ training and professional development implemented by SED’s Directorate of Staff Development pursuant to Notification DSP/DD(P) 2006-64-130, dated March 11, 2006.

4. "Disbursement-Linked Indicators" and the acronym "DLI" mean, collectively, the disbursement-linked targets set forth in the column entitled “Actions to be Completed in FY2010/11” in the chart provided in Schedule 3 to this Agreement; and the acronym “DLI” means, individually, any one of such targets.

5. "Displaced Persons" means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and a “Displaced Person” means any of such Displaced Persons.

6. "District Capacity Building" means the reasonable costs of the consultancy services for the provision of training and capacity building activities to education officers at district level, and operating/administrative costs related thereto.

7. "District Steering Committee" means each of the committees established pursuant to the Project Implementing Entity’s Notification PS/Secy. (I&C) 12/2006, dated October 30, 2006, and referred to in Section I.A.1(c) of the Schedule 2 to this Agreement.

8. "Eligible Expenditures Program" and the acronym "EEP" mean, collectively, the Girl Stipends, Recurrent Costs, SC Grants, PEF Grants, Performance-Based
Incentives, School Monitoring, SC Capacity Building and District Capacity Building each of which are defined expenditures incurred by the Project Implementing Entity under Component 1 of the Project, and financed through the Budget/Account Codes: A03977; A01; A03975; A03976; A01250; LQ5269; LO080000001; and LO01001318, respectively.

9. "Environmental and Social Management Framework" means the social and environmental framework adopted by the Project Implementing Entity pursuant to PMIU’s letter No. PD/PMIU-PESRP/2009/7150, dated April 1, 2009, as the same may be modified from time to time with the prior concurrence of the World Bank.


11. “FAS Program” means the Foundation Assisted Schools Program designed and implemented by PEF, providing monthly subsidies to low-cost private schools, per child enrolled (i.e. approximately Rs.350 per child, per month), for the provision of accessible education services to rural and/or underserved communities as determined by the criteria approved by the PEF Board; which funds are meant to assist in defraying the reasonable cost of operating such schools so that tuition will not be collected from students.


13. "Fiscal Year" and the acronym “FY” mean the fiscal year of the Recipient and the Project Implementing Entity, which commences on July 1 and closes on June 30 of each year.

14. “Girl Stipends” means, collectively: (a) the payments made by the SED (through the General Post Office) to female students enrolled in grades 6 through 10 of public schools in the amount of approximately Rs.600 per girl, per quarter of the academic year, under fifteen (15) targeted provincial districts; and (b) the costs of administering such program.

15. “IUFR” means each of the interim unaudited financial reports to be furnished to the World Bank by the Recipient and the Project Implementing Entity pursuant to Section II.B.2 of Schedule 2 to this Agreement and Section II.B.2 of the Schedule to the Project Agreement, respectively.
16. “Land Acquisition Act (1894)” means the Act I of 1894 of the Islamic Republic of Pakistan, regulating the acquisition of land for public purposes, as amended from time to time up to the date of this Agreement.

17. “Medium-Term Fiscal Framework” means the fiscal policy framework to be approved by the Project Implementing Entity’s Finance Department providing for a three (3) year resource envelope (FY2009/10 through FY2011/12) for recurrent and development expenditures.

18. “Medium-Term Sector Framework” and the acronym “MTSF” mean the medium term sector policy framework 2008-11 adopted by SED and approved by the Government of Punjab in April 2009 pursuant to the Project Implementing Entity’s Planning and Development Department’s Letter No.2(497)RO,(Edu)/P&D/08 setting out the medium term vision, policy objectives and resource envelope for the Project Implementing Entity’s education sector.

19. “NSP” means the new school program implemented by PEF, providing enrollment-based subsidies, in an amount of approximately Rs.300, per child, per month, to low-cost private schools established in accordance with criteria approved by PEF’s Board.

20. “PEF Grants” means the grants provided by the Project Implementing Entity’s Finance Department, on request of SED, to the PEF for purposes of financing, among others, the NSP, the FAS Program, and various initiatives to enhance the quality of instruction in low-cost private schools, as well as the reasonable costs of financing such programs and initiatives.

21. “Performance-Based Incentives” means monetary incentives paid as cash awards by SED to teachers in the best performing public primary, elementary and high schools in the amount of approximately Rs.1000, Rs.1500 and Rs.2000, respectively, per month, per teacher under the program, approved by the SED pursuant to Notification SO (S111) 2-16/2007, dated December 11, 2008.

22. “PEAS” means the Punjab Education & Assessment System, established in October 2005, responsible for the design, implementation and administration of mechanisms for the assessment of students’ learning results, as well as the analysis of data collected and the preparation of assessment reports.

23. “PMIU” means the program monitoring and implementation unit established within SED pursuant to SO(F-Aid)11-2/2005 (PRESP), dated July 1, 2003, and referred to in Section I.A.1(b) of the Schedule to the Project Agreement.

24. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 21, 2009 and referred to in paragraph 1.16 of the Procurement
Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

25. “Program Steering Committee” means the committee established pursuant to SED’s notification PS/SSE/MISC/EDU2008-405, dated October 8, 2008, and referred to in Section I.A.1(a) of the Schedule to the Project Agreement.

26. “Punjab Education Foundation” and the acronym “PEF” mean the entity established, pursuant to the Punjab Education Foundation Act (1991) (Act I of 1991) as amended by the Act XII of 2004 of the Project Implementing Entity, as a semi-autonomous non-commercial/non-for-profit organization aimed at encouraging and promoting the education in the private sector though public-private partnerships.

27. “Punjab Education Sector Reform Program” means the reform program designed, approved and adopted by the Project Implementing Entity pursuant to the Medium-Term Sector Framework, setting out the reform agenda for the education sector for FY2008/09 through FY2010/11.

28. “Punjab Examination Commission” and the acronym “PEC” mean the commission established pursuant to SED’s Notification No. SO(Schools)(PEC)1-1/2006, dated January 16, 2006, for purposes of conducting research and examinations on students’ learning outcomes, and teachers’ and schools’ performance.

29. “Recurrent Costs” means the reasonable costs of salaries, allowances, and related costs of teachers and other education staff of public primary, elementary and secondary schools, as well as district and sub-divisional offices, of the Project Implementing Entity.

30. “RSPs” means, collectively, the National Rural Support Program and the Punjab Rural Support Program, responsible for providing training and carrying out institutional capacity building activities for the benefit of School Councils.

31. “Rupees” and the acronym “Rs.” mean the currency of the Recipient.

32. “SC Capacity Building” means the reasonable costs of the consultancy contracts to be entered by SED for the provision of capacity building activities to School Councils and operating/administrative costs related thereto.

33. “SC Grants” means the funds transferred on a grant basis by the SED directly to the qualifying School Councils (i.e. School Councils with bank account information verified by the PMIU and an authorized commercial bank of the Islamic Republic of Pakistan) in primary and elementary (middle) public schools, in the amount of, approximately, Rs.20,000, and Rs.50,000 per year, per school,
respectively, which grants are intended to finance the reasonable costs of recurrent expenditures for school maintenance and repairs, school supplies and wages of temporary teachers.

34. “School Council” and the acronym “SC” mean each of the councils established pursuant to the School Council Policy (2007) approved by the SED through Notification No. SO9S-(III)2-12/2006, dated August 6, 2007, as amended, which councils are responsible for the overall management and supervision activities of schools. The term “School Councils” and the acronym “SCs” mean collectively two or more such councils.

35. “School Education Department” and the acronym “SED” mean the Project Implementing Entity’s School Education Department.

36. “School Monitoring” means the reasonable costs of salaries, salary supplements and overheads of the Project Implementing Entity’s term employees and/or staff responsible for the monitoring and evaluation assessment of the performance of schools.

37. “Sub-Category” means any of the sub-categories set forth under Category (1) in the table in Section IV.A.2 of Schedule 2 to this Agreement; and the term “Sub-Categories” means collectively two or more said sub-categories.

Section II. Modifications to the Anti-Corruption Guidelines

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or 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.”

2. Section 11(a) is modified to read as follows:

“(a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or
any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity 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 Borrower or the individual or 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."

Footnotes:

"13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier."

"14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines."

"15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders."