Project Agreement

(Global Partnership for Education – Balochistan Education Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of the Global Partnership for Education Trust Fund

and

PROVINCE OF BALOCHISTAN

Dated MARCH 25, 2015
GPE GRANT NUMBER TF019124

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 BALOCHISTAN ("Balochistan") 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 Balochistan 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 Balochistan, 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. Balochistan declares its commitment to the objectives of the Project. To this end, Balochistan 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 Balochistan shall otherwise agree, Balochistan 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 Balochistan hereunder shall terminate on the date on which the Grant Agreement shall terminate in accordance with its terms, and the World Bank shall promptly notify Balochistan 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. Balochistan’s Representative is its secretary responsible for SED.

4.02. The World Bank’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

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

4.03. Balochistan’s Address is:

Secondary Education Department
Government of Balochistan
1st Floor, Block: 2, Civil Secretariat,
Zarghoon Road, Quetta

Facsimile:
92-81-920272.
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

Authorized Representative

Name: **RACHID BENMESSAOUD**
Title: **COUNTRY DIRECTOR PAKISTAN**

PROVINCE OF BALOCHISTAN

By

Authorized Representative

Name: **ABDUL SABOOR KACAR**
Title: **SECRETARY EDUCATION**
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Balochistan shall vest SED with the responsibility for the overall implementation, coordination, monitoring of, and reporting on, implementation activities under the Project. To this end, SED shall:

(a) maintain within its structure, throughout the period of implementation of the Project, a Project coordination committee ("PCC"), chaired by the Secretary of SED, comprised of representatives from the FD, the Secondary Education Department and the PDD; which committee shall be assigned functions, responsibilities and resources, satisfactory to the World Bank, adequate for it to provide overall strategic policy guidance to the PMU and oversight of Project implementation;

(b) maintain throughout the period of implementation of the Project, a Project management unit ("PMU"), headed by a qualified and experienced Project director, acceptable to the World Bank, under terms of reference, satisfactory to the World Bank, which unit shall be: (i) responsible for the daily coordination, execution and administration of Project activities, including compliance with the financial management, procurement, engineering, social and environmental, and reporting requirements under the Project; and (ii) staffed with competent personnel in adequate numbers, and provided with sufficient resources, in a manner satisfactory in form and substance to the World Bank, as shall be required to ensure the proper discharge of its duties and obligations.

2. Balochistan shall select and appoint:

(a) by not later than three (3) months after the date of this Agreement, and in any case prior to the commencement of any activity under Part I of the Project, and thereafter shall retain throughout the period of implementation of the Project, under terms of reference satisfactory to the World Bank, a duly qualified and experienced supervision and quality assurance consulting firm (the "S&QA"), acceptable to the World Bank, to support construction related activities under the Project, and to assist SED and the PMU with the management and supervision of the civil work: (construction, refurbishing and/or rehabilitation) in the Project-supported schools, including in relation thereto: (i) the preparation of procurement documents and any subsequent changes/variations thereto; (ii) the evaluation of technical and financial proposals; (iii) the handling of procurement disputes; (iv) the certification of performance of contractual obligations and quality control thereof; and (v) the overseeing of payments to service providers and/or Project contractors;
(b) by not later than three (3) months after the date of this Agreement, and thereafter retain, throughout the period of implementation of the Project, under terms of reference satisfactory to the World Bank, a duly qualified and experienced social mobilization consulting firm(s), acceptable to the World Bank, to coordinate the set up, and train the members, of the PTSMC, in order to fulfill the school governance/management functions and responsibilities described in the Operations Manual;

(c) by not later than three (3) months after the date of this Agreement, and thereafter retain within the PMU, throughout the period of implementation of the Project, under terms of reference satisfactory to the World Bank, one (1) accounts officer, one (1) payroll officer, and one (1) accountant, all in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement.

B. Operations and FM Manual, and Annual Work Plans

1. Balochistan shall apply throughout the period of implementation of the Project the Operations Manual and the FM Manual, and shall refrain from amending, suspending, abrogating, terminating or waiving, whether in whole or in part, the Operations Manual and/or the FM Manual, without prior written no-objection of the World Bank. In the event of a conflict among the Operations Manual and the FM Manual and the provisions of this Agreement (including the additional instructions referred to in Section IV.A.1 of Schedule 2 to the Grant Agreement) and the Grant Agreement, the provisions of the Grant Agreement and/or this Agreement shall prevail.

2. Balochistan shall:

   (a) prepare by not later than June 15 of each year, an annual work plan (the "Annual Work Plan") for the following fiscal year in a manner and substance satisfactory to the World Bank, which plan shall identify the Project activities by component and subcomponent, together with their related expenditures and financing sources; and thereafter,

   (b) implement the Project activities during the relevant fiscal year in accordance with such plan as so discussed with, and agreed between the PCC and the World Bank.

3. Prior to commencing any activities under Parts 1.1 of the Project, and by no later than June 30, 2015, Balochistan shall carry out a baseline survey in order to verify the prioritization of selected schools for Project interventions as Project-supported schools pursuant to the criteria set forth in the Operations Manual and establish/assess the functionality of those selected schools by gathering information on enrolment rates and teachers availability and attendance.

C. Grievance Redress Mechanism

1 Balochistan shall maintain throughout the period of implementation of the Project, a grievance redress mechanism, satisfactory to the World Bank, in accordance with
principles, procedures and guidelines acceptable to the World Bank, in order to provide beneficiary communities of selected schools with formal means to redress grievances concerning the deficient performance or coverage of Project activities in their respective communities.

2. Balochistan shall maintain a detailed description of the existing mechanism and its procedural guidelines on SED's official website, and shall refrain from amending, waiving, suspending, abrogating or terminating, whether in whole or in part, the approved grievance complaint procedures and/or the affected parties' legal standing to file any such complaints, without the prior written concurrence of the World Bank.

D. Anti-Corruption

Balochistan shall carry out the Project in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards

1. Balochistan shall ensure that the Project is carried out in accordance with the provisions of the MDTF Environmental and Social Screening and Assessment Framework ("MDTF-ESSAF"), the Environmental and Social Impact Assessment ("ESIA") and the Environmental and Social Management Plan ("ESMP"), and, except as the World Bank may otherwise agree in writing, Balochistan shall not amend, abrogate, suspend or waive, or permit SED to amend, abrogate, suspend or waive, any of the provisions thereof.

2. In accordance with the MDTF-ESSAF, Balochistan shall ensure that:

(a) no activities involving land taking shall be carried out under the Project. In the event that any land acquisition shall be required for the Project, Balochistan, in consultation with the World Bank, shall ensure that such land is obtained/purchased by SED on a willing buyer-willing seller basis, or through a freely decided and properly recorded donation or bequest, in each case in accordance with the MDTF-ESSAF; and prior to concluding each such purchase, donation or bequest, shall submit to the World Bank for its review documentation, satisfactory to the World Bank, of each such purchase, donation and bequest;

(b) the proceeds of the Grant are not utilized for any purchase/acquisition of land; and

(c) no activities under the Project shall give rise to Project-Affected Persons.

F. Capacity Building for PTSMCs

Balochistan shall, by no later than six (6) months after the date of this Agreement: (i) prepare and adopt Standard Operating Procedures in form and substance satisfactory to the World Bank, containing detailed arrangements for PTSMCs on, inter alia, opening of bank account(s), funds flow arrangements, maintaining cash book and accounting
records, completion and closure; and (ii) prepare and thereafter implement a training plan, including a training module, for the purpose of building the financial management capacity of the PTSMCs.

G. **BESP Work Plans and Education Sector Budget Execution Reports**

Balochistan shall prepare and furnish to the World Bank: (i) by no later than June 15 of each year, an annual work plan for the following fiscal year in a manner and substance satisfactory to the World Bank, which plan shall identify the activities to be carried out under BESP, together with their related expenditures and financing sources; and (ii) by no later than October 30 of each year, an unaudited report on the execution of the education sector budget for the preceding Balochistan’s fiscal year, setting out values of budgets, actual expenditures incurred and balances thereof, if any, per budget line, and appropriation of accounts.

**Section II. Project Monitoring, Reporting and Evaluation**

A. **Project Reports**

1. Balochistan shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each such Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Recipient and the World Bank not later than forty five (45) days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the World Bank of the overall Project Report.

2. Balochistan shall prepare the Completion report in accordance with the provision of Section 2.06 of the Standard conditions. The Completion Report shall be furnished to the Recipient and the World Bank not later than six (6) months after the Closing Date.

B. **Financial Management, Financial Reports and Audits**

1. Balochistan 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 Balochistan, including the operations, resources and expenditures related to the Project.

2. Balochistan shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the Recipient and the World Bank not later than forty five (45) days after the end of each calendar quarter, covering expenditures incurred during the said quarter and providing a forecast of the eligible expenditures to be incurred during the immediately following semester, in form and substance satisfactory to the World Bank.

3. Balochistan 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 Balochistan. Balochistan 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 (6) 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.

4. Notwithstanding the foregoing requirement, Balochistan shall, by no later than six (6) months after the date of this Agreement, procure and implement a basic payroll software system, acceptable to the World Bank, for the purpose of, *inter alia*, managing the teachers' payroll.

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. Balochistan shall:

   (a) maintain throughout the period of implementation of the Project a fully operational procurement documentation and record keeping system, in a manner and substance satisfactory to the World Bank, including a freely and publicly accessible website showing the procurement plan and procurement notices, invitations to bid, bidding documents and request for proposals, as well as the procurement status of various contracts, including status of evaluation, complaints and actions taken, contract awards and contract performance. Balochistan further undertakes to maintain such system and website updated throughout the period of implementation of the Project; and

   (b) maintain throughout the period of implementation of the Project 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, any complaints related to contracts procured under International Competitive Bidding procedures, the World Bank’s prescribed complaint redress mechanism shall apply.