Program Agreement

(First Sindh Education Development Policy Financing)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

PROVINCE OF SINDH

Dated June 7, 2007
PROGRAM AGREEMENT

AGREEMENT dated June 7, 2007 ("Program Agreement"), entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and the PROVINCE OF SINDH ("Sindh"), acting through the Governor of Sindh, in connection with the Financing Agreement ("Financing Agreement") of same date between the ISLAMIC REPUBLIC OF PAKISTAN ("Recipient") and the Association. The Association and Sindh hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing Agreement) 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 Financing Agreement or the General Conditions.

ARTICLE II — PROGRAM

2.01. Sindh declares its commitment to the objectives of the Program and its implementation. To this end:

(a) Sindh, the Recipient and the Association shall, from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program, subject to adequate notice;

(b) prior to each such exchange of views, Sindh shall furnish the Recipient and the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Recipient and the Association shall reasonably request; and

(c) without limitation upon the provision of sub-paragraphs (a) and (b) above the Sindh shall exchange views with the Recipient and the Association on any proposed action to be taken after the disbursement of the Financing which would have the effect of materially reversing the objectives of the Program, or any action taken under the Program, including any action specified in the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05(c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty years after the date of this Agreement.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Sindh’s Representative is Sindh’s Secretary of Finance.

4.02. The Association’s Address is:

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

Cable: INDEVAS
Telex: 248423(MCI)
Facsimile: 1-202-477-6391

4.03. The Sindh’s Address is:

Finance Department
Province of Sindh
Karachi, Pakistan

Facsimile:
92-21-920-6511

AGREED at the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Yusupha B. Crookes
Country Director
Pakistan

PROVINCE OF SINDH

By /s/ Abdul Wajid Rana
Authorized Representative
SCHEDULE

Improving Fiscal Sustainability and Public Expenditure Effectiveness

1. Sindh has approved a Medium Term Fiscal Framework for Fiscal Years 2007/2008 through 2009/2010, which provides for: (i) at least 13.5% annual increase of Sindh’s own-source revenues; (ii) a less than 5% yearly increase in Sindh’s interest and subsidy expenditures; and (iii) a 15% annual increase in PRSP Expenditures.

2. Sindh has: (A) approved an education Medium Term Sector Policy Framework and the respective Medium Term Financial Plan for Fiscal Years 2006/2007 through 2009/2010, which provide for: (i) a 30% annual increase in nominal term budgetary allocations for non-wage recurrent expenditures, and (ii) a progressive increase in education expenditures to reach the equivalent of 1.5% of Sindh’s gross domestic product by Fiscal Year 2009/2010; and (B) approved the provincial budget for Fiscal Year 2006/2007 in alignment with its Medium Term Sector Policy Framework, providing for an increase in consolidated education expenditures of over 26%.

3. Sindh’s Chief Secretary has issued an Executive Order requiring regular DAC meetings in order to review and settle all audit observations on the accounts of Sindh’s agencies and departments at both provincial and district levels, to progressively clear their backlogs.

Improving Education Sector Management

4. Sindh has established a fully functional Reform Support Unit, as an integral part of the Education and Literacy Department, responsible for education policy formulation, monitoring and evaluation, and donor coordination.

5. Sindh has carried out a revamped school census in order to establish baselines for key performance and input indicators at provincial and district level.

6. Sindh has: (A) entered into Terms of Partnership Agreements with at least twelve (12) District Governments, setting out agreed responsibilities in education service delivery and performance indicators, as well as their baselines and annual goals; and (B) released conditional fund transfers to signatory District Governments through Districts’ Account No. IV.
Improving Access to Quality Schooling

7. Sindh has: (A) delivered free textbooks to at least 80% of the students in grades 1 to 10 within one month of the start of the school year; (B) provided stipends to at least 80% of girls enrolled in middle and high schools (grades 6 to 10); and (C) launched independent third party validation studies on the availability of the above incentive mechanisms at school level.

Improving the Quality of Teaching and Learning

8. Sindh has formulated and notified transparent merit-based criteria for the recruitment of teachers under school-specific non-transferable contracts, based, *inter alia*, on scores on tests administered by a third party and the candidate’s academic qualifications, gender and domicile.