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LN-8620-PK

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LOAN NUMBER 8620-PK

# Project Agreement

(Third Punjab Education Sector Project)

between

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

and

PROVINCE OF PUNJAB

Dated *August 31*, 2016

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## PROJECT AGREEMENT

Agreement dated *August 31*, 2016 entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and PROVINCE OF PUNJAB ("Project Implementing Entity" or "Punjab") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") of same date between Islamic Republic of Pakistan ("Borrower") and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

### ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan 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 Loan Agreement or the General Conditions.

### ARTICLE II — PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project through SED in accordance with the provisions of Article V of the General Conditions, and shall 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 Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

### ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Project Implementing Entity's Representative is the Secretary to the Government of Punjab for SED.
- 3.02. The Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, NW  
Washington, DC 20433  
United States of America

Facsimile: 1-202-477-6391

3.03. The Project Implementing Entity's Address is:

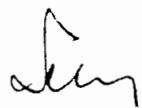
School Education Department  
Lahore, Punjab  
Government of Punjab

Facsimile: +92 (42) 99211285

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

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By



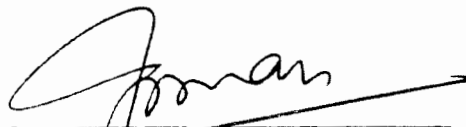
Authorized Representative

Name: Patchamuthu Illangovan

Title: Country Director

PROVINCE OF PUNJAB

By



Authorized Representative

Name: IMRAN SIKANDAR BHALOCH

Title: Spcl. Secy SED.

## SCHEDULE

### Execution of the Project

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

The Project Implementing Entity shall vest the overall responsibility for the implementation of Project activities in SED. To this end, the Project Implementing Entity, through SED, shall:

(a) maintain, at all times during Project implementation, within SED's regular structure, a Project monitoring and implementation unit with functions and responsibilities acceptable to the Bank, including, *inter alia*, the responsibility of said unit to coordinate and monitor the implementation of the Project, including: (i) monitoring Project performance, including overseeing and coordinating data collection for the Project's result indicators; (ii) monitoring the activities under each DLI (iii) providing the evidence for the DLIs; (iv) validating data provided by implementing agencies (where applicable and when necessary); and (v) conducting Project midterm and completion reviews, all in a manner satisfactory to the Bank;

(b) ensure that, at all times during Project implementation, the PMIU is headed by a Project Director, assisted by an additional Project Director, and adequately staffed with professional and administrative staff (including, procurement, financial management, monitoring and evaluation and Project related technical staff), with the necessary experience and qualifications acceptable to Bank, and operating under terms of reference agreed to between the Borrower and the Bank;

(c) maintain, at all times during Project implementation, a provincial steering committee, headed by the Chairman of Punjab's Planning and Development Department, and comprised of representatives from, *inter alia*, Punjab's Planning and Development Department, Punjab's Finance Department, SED and the PMIU, as well as other development partners (as observers); which committee shall meet twice a year and shall be assigned with functions and responsibilities satisfactory to the Bank, as shall be required for the overall strategic policy guidance and planning, oversight, support and review of implementation of progress and performance Project activities; and

(d) maintain in each District, at all times during Project implementation, District Review Committees, headed by a District Coordination Officer, and provided with sufficient resources and competent staff in adequate numbers, under terms of reference satisfactory to the Bank, comprising *inter alia*, officers

responsible for finance and planning, education and services, and monitoring and evaluation, which committees shall be assigned with functions and responsibilities, satisfactory to the Bank, as shall be required for: (i) providing guidance, oversight and support for Project activities, and managing Project monitoring and implementation at District level; (ii) carrying out District review of Project implementation, progress and performance; and (iii) liaising with the PMIU and SED and its sub-departments.

**B. Anti-Corruption**

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

**C. Verifications**

The Project Implementing Entity shall undertake a yearly verification process, in accordance with the Verification Protocols and terms of reference agreed with the Bank, to certify the fulfillment of each DLR set out in Schedule 4 to the Loan Agreement; and furnish to the Bank corresponding verification reports, in form and substance satisfactory to the Bank.

**D. Safeguards**

The Project Implementing Entity shall maintain throughout Project implementation, a Project grievance redress mechanism, with staffing and operating procedures acceptable to the Bank, for monitoring and addressing the concerns of people affected by the Project and building public and stakeholder support for the Project.

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

**A. Project Reports**

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators acceptable to the Bank. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Borrower not later than forty five (45) days after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report.
2. The Project Implementing Entity shall provide to the Borrower not later than three (3) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

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

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.
2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the respective semester, in form and substance satisfactory to the Bank.
3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Borrower. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower and the Bank not later than nine (9) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

**C. Budget Execution Reports**

Notwithstanding the reporting requirements set forth in Section II.B of this Schedule, for purposes of supporting any withdrawal applications under Component I of the Project, the Project Implementing Entity shall prepare semiannual consolidated Budget Execution Reports, in form and substance satisfactory to the Bank, setting out values of budgets, actual expenditures incurred and balances thereof, if any, per month, per budget line, for the whole education sector. The BERs shall be prepared in each calendar semester, and be submitted to the Borrower and the Bank no later than forty five (45) days after the end of such semester, jointly with an executive summary cover note updating on EEPs defrayment. Each such BER shall cover the period spanning from the first day of the Borrower's Fiscal Year in which the report is prepared, up to the final date of the period covered by such report.

**Section III. Procurement**

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

2. The Project Implementing Entity shall:

(a) maintain throughout the period of Project implementation, a system for the handling of procurement complaints, in a manner and substance acceptable to the 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 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 Bank, showing, inter alia, the Project procurement plans, complete bidding documents, the status of procurement of various contracts (the summary of proposals/bid evaluations and awards), contract performance and payment delays, and a list of procurement complaints and status thereof.