

LETTER OF AGREEMENT

Subject: EDUCATION SECTOR REFORMS.

To implement the Strategic Plan (2001-2005) of Education Sector Reforms (ESR), an amount of Rs. 1.574 billion was provided in the budget (2001-2002) of the Ministry of Education and released to the Provinces/Areas through a letter of Agreement. This amount was further increased by additional amount of Rs. 2.00 billion as grant in aid from the US government and allocated for the President's Program for Re-habilitation and Optimum Utilization of Existing Primary and Elementary Schools.

An amount of Rs.1.00 billion allocated as Technical Supplementary Grant for ESR was also distributed during 2002-2003.

An amount of Rs.0.9 billion has been allocated for ESR program under PSDP 2003-2004, which will be distributed among province/areas on the same terms and conditions. Accordingly, all section of the letter of agreement as signed on 24-01-2002 and on 7-5-2003 remains intact in their letter and spirit. The agreed distribution of these funds among the Provinces/Agencies (Institutions under Department of Education and Local Government/Municipality) is enclosed as Annex-I. This is as per the agreed NEC/ ESR formula.

The procedure for transfer/utilization is laid out below:

Allocation of Funds.

- a) Federal Government will allocate funds to the Provinces and AJK, Northern Areas, FATA & ICT (hereinafter referred to as Agencies)
- b) The eligible items for which the funds can be spent by each Province/Agency are indicated in annex I. The concept papers on ESR was developed by Ministry of Education and approved by ECNEC in its meeting held in 2nd September, 2002 which will form the basis for framing individual projects at Provincial/District level.
- c) Each Province/Agency will allocate funds, which it receives, from the Federal Government to the various districts for this programme. It will distribute these funds in accordance with the assessed needs of each district. Each Province/Agency will utilize these funds only on the indicated thrust areas, ensuring a balance between qualitative and quantitative components.

Approval of Projects.

- d) Individual projects would be cleared at the district level unless their total cost exceeds the District Government's financial competence as prescribed by the Provincial Government in which case it would be cleared by the competent forum.

Conditions which the Provinces/Agencies/District Government/ICT will observe

- e) Allocations for education included in the provincial budget 2003-2004, whether development or non-development, would be fully utilized. This grant is being provided for utilization over and above the budgetary provisions. Failure to utilize full budgetary provisions would lead to at source deduction of the grant monies. In view of the short period of time left during this financial year, the Federal Government may, in case of any deduction/ lapsing of the grant money, consider its re-authorization during the next financial year.
- f) Funds provided by the Federal government will be passed on by the Provincial Governments/ Agencies to the Districts and Provincial Authorities (where such projects cover more than one district) within two weeks of the receipt of funds from the Federal Government. Provincial/Agency Education Departments will report disbursements to the MoE.
- g) Funds will be utilized accordingly to the principle of performance-based outcomes and well-tracked output indicators specified in each project proposal.
- h) The entire focus of project design and implementation will be learner and facility centered ensuring the best interest of the child/learner and the beneficiaries; this focus will lead to outcomes-based measurable performance.
- i) In all schemes, 50% of the provision of educational opportunities shall be reserved for girls/women at all levels of education, as well as Disadvantaged Groups and Rural areas.
- j) Efforts will be made to mobilize civil society organizations (CSOs), community and private sector in implementation of programmes where appropriate. It is to be noted that the Interim Poverty Reeducation Strategy 2001-2004, Education For All and Local Government Plan for Devolution has integrated CSO participation for making these national macro initiatives successful. Citizen Community Boards, Neighborhood and Village Councils, Education Committees of Union Councils, SMCs/PTAs and School Councils and NGOs may be consulted and taken on board as planning, implementation and facilitation partners through formal arrangements.
- k) Project implementation mechanisms will be established by District Governments to link as far as possible with Public Private Partnerships and Local Community Organizations for school rehabilitation, up gradation and quality improvement, through formal institutional arrangements.
- l) The Provincial Government shall be responsible for monitoring of schemes. Supervision will be done at the district level as agreed with respective District Partners (Govt. & CSOs),. Monthly reports will be sent to MoE accordingly to a mutually agreed format. MoE will be associated when required in joint monitoring visits to the project areas/s.

Maintenance of Accounts & Audit.

- m) Federal funds will be transferred to the Provincial Government/Agency accounts of each receiving authority. The Province/Agency will transfer funds, in accordance with the

allocation for each district, to the relevant account of each district as prescribed by the Controller General of Accounts.

- n) Keeping within the framework of allocations for each major thrust area, the Provinces and Districts have to allocate resources on the same thrust area for outcome based implementation with transparent accountability. Therefore, there will be no re-appropriation for one to another program during 2003-04 without the approval of Finance and Planning Divisions.
- o) Each District Government may, where implementation is to be done on the sub-district level, transfer funds further to the tehsils/municipal accounts as prescribed by the Controller General of Accounts.
- p) Appropriate audit will be done for all expenditures in accordance with the prescribed rules.
- q) Each District Government/Agency will be responsible for an assessment report, to be sent within four months of the completion of the fiscal year regarding the expenditures for each programme and regarding mutually agreed out-comes. The Provincial Government in turn, will consolidate reports received from the Districts Government/Agency and will send them to the Ministry of Education by the end of the fifth month following completion of the fiscal year.
- r) All unauthorized or ineligible expenditures would be the liability of the Province/Agency.

EYEWITNESS WHEREOF the parties have put their respective signatures.

Secretary
Provincial Government

Secretary
Government of Pakistan
Ministry of Education

Date: _____

Date: _____

Witness:

1. _____

2. _____

Name: _____

Name: _____

Date: _____

Date: _____

FUNDS ALLOCATED FOR IMPLEMENTATION OF ESR PROGRAMMES DURING 2003-2004									
Rupees in million									
Area/Group	Total	Punjab	Sindh	NWFP	Balochistan	FATA	AJK	FANA	ICT
Adult Literacy	100.000	46.458	19.206	15.696	8.640	4.100	3.800	1.100	1.000
Education for All	350.000	162.603	67.221	54.936	30.240	14.350	13.300	3.850	3.500
Establishment of Poly Technics at District level	300.000	139.374	57.618	47.088	25.920	12.300	11.400	3.300	3.000
Quality Assurance	100.000	46.458	19.206	15.696	8.640	4.100	3.800	1.100	1.000
Teachers Training Resource Center	50.000	23.229	9.603	7.848	4.320	2.050	1.900	0.550	0.500
Grand Total	900.000	418.122	172.854	141.264	77.760	36.900	34.200	9.900	9.000