

Draft LETTER OF AGREEMENT

Subject: **EDUCATION SECTOR REFORMS¹**

To implement the Strategic Plan (2001-2004) of ESR, an amount of Rs.1.579 billion has been provided in the budget (2001-2002) of the Ministry of Education. The agreed distribution of these funds among the Provinces/Agencies is enclosed.

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 of the agreement. The Federal Government will also forward an approved concept paper which will be 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

- (a) Individual projects would be cleared at the district level unless their total cost exceeds the District Governments' 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:

- (a) Allocations for education included in the Provincial/Agency budget for 2001-02, whether developmental or non-developmental, would be fully utilized. Failure to utilize such funds would lead to source deductions by the Federal Government.
- (b) 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.

¹ A similar Agreement has been developed for the President's Program for Rehabilitation and Optimum Utilization of Existing Facilities in Elementary Education.

- (c) Funds will be utilized according to the principle of performance based outcomes and well tracked output indicators specified in each project proposal.
- (d) 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.
- (e) In all schemes, special attention will be given to education opportunities for girls/women at all levels of education, as well as Disadvantaged Groups and Rural Areas.
- (f) 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 Reduction 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, Neighbourhood 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.
- (g) 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, upgradation and quality improvement, through formal institutional arrangements.
- (g) 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 according to a mutually agreed format. MoE will be associated when required in joint monitoring visits to the project area/s.

Maintenance of Accounts & Audit

- (a) 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.
- (b) 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.
- (c) Appropriate audit will be done for all expenditures in accordance with the prescribed rules.

- (d) 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
- (e) All unauthorized or ineligible expenditures would be the liability of the Province/Agency.