
LOAN NUMBER 2216-PAK

PROGRAM AGREEMENT

(Subprogram 2 of the Punjab Resource Management Program)

between

ASIAN DEVELOPMENT BANK

and

PROVINCE OF PUNJAB

DATED 22 December 2005

PAL: PAK 37202

PROGRAM AGREEMENT

PROGRAM AGREEMENT dated 22 December 2005 between ASIAN DEVELOPMENT BANK (hereinafter called ADB) and the PROVINCE OF PUNJAB (hereinafter called Punjab).

WHEREAS

(A) by a Loan Agreement of even date herewith between the Islamic Republic of Pakistan (hereinafter called the Borrower) and ADB, ADB has agreed to make to the Borrower a loan of two hundred million United States Dollars (\$200,000,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that the proceeds of the Loan be made available to Punjab and that Punjab agree to undertake certain obligations towards ADB as hereinafter in this Program Agreement set forth; and

(B) Punjab, in consideration of ADB entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01. Wherever used in this Program Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

ARTICLE II

Particular Covenants

Section 2.01. (a) Punjab shall carry out the Program with due diligence and efficiency, and in conformity with sound administrative, financial, engineering, environmental and public resource management practices.

(b) In the carrying out of the Program and operation of the Program facilities, Punjab shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to Punjab.

Section 2.02. Punjab shall make available, promptly as needed, the funds, facilities, services and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Program.

Section 2.03. Punjab shall carry out the Program in accordance with plans and programs formulated in accordance with public resource management best practices acceptable to ADB. Punjab shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans and programs, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 2.04. Punjab shall maintain, or cause to be maintained, records and accounts adequate to identify the use of Counterpart Funds, to record the progress of the Program (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.

Section 2.05. (a) ADB and Punjab shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) Punjab shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Program, the performance of its obligations under the Loan Agreement or this Program Agreement, or the accomplishment of the purposes of the Loan.

(c) ADB and Punjab shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Program, Punjab and the Loan.

Section 2.06. (a) Punjab shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof; (ii) the goods and services financed out of such proceeds; (iii) the Program; (iv) the administration, operations and financial condition of Punjab and (v) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, Punjab shall furnish to ADB quarterly reports on the implementation of the Program. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter.

(c) Promptly after physical completion of the Program, but in any event not later than three (3) months thereafter or such later date as ADB may agree for this purpose, Punjab shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Program, including its cost, the performance by Punjab of its obligations under this Program Agreement and the accomplishment of the purposes of the Loan.

Section 2.07. (a) Punjab shall (i) maintain separate accounts for the Program; (ii) have such accounts and related financial statements (balance sheet, statement of income and expenses, and related statements) audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; and (iii) furnish to ADB, promptly after their preparation but in any event not later than 6 months after the close of the fiscal year to which they relate, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan

proceeds and compliance with the covenants of the Loan Agreement), all in the English language. Punjab shall furnish to ADB such further information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) Punjab shall enable ADB, upon ADB's request, to discuss Punjab's financial statements and its financial affairs from time to time with the auditors appointed by Punjab pursuant to Section 2.07(a) hereabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of Punjab unless Punjab shall otherwise agree.

Section 2.08. Punjab shall enable ADB's representatives to inspect the Program, any relevant records and documents relating to the Program or pertaining to the use of the proceeds of the Counterpart Funds.

Section 2.09. (a) Punjab shall, promptly as required, take all action within its powers to implement and carry out the Program.

(b) Punjab shall at all times conduct its business in accordance with sound administrative, financial, environmental and public resource management practices, and under the supervision of competent and experienced management and personnel.

Section 2.10. Except as ADB may otherwise agree, Punjab shall apply the proceeds of the Counterpart Funds to the financing of expenditures on the Program in accordance with the provisions of the Loan Agreement and this Program Agreement, and shall ensure that all goods and services financed out of such Counterpart Funds are used exclusively in the carrying out of the Program.

ARTICLE III

Effective Date; Termination

Section 3.01. This Program Agreement shall come into force and effect on the date on which the Loan Agreement shall come into force and effect. ADB shall promptly notify Punjab of such date.

Section 3.02. All the provisions of this Program Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

ARTICLE IV**Miscellaneous**

Section 4.01. Any notice or request required or permitted to be given or made under this Program Agreement and any agreement between the parties contemplated by this Program Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex, facsimile or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For ADB

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Cable Address:

ASIANBANK
MANILA

Telex Numbers:

29066 ADB PH (RCA)
42205 ADB PM (ITT)
63587 ADB PN (ETPI)

Facsimile Numbers:

(632) 636-2444
(632) 636-2337

For Punjab

Chairman
Planning and Development Department
Government of Punjab
New Punjab Civil Secretary No. 1
(P&D) Complex
Church Road
Lahore, Pakistan

Cable Address:

DEVELOPMENT
LAHORE

Telex Number:

44868 PBSCC PK

Facsimile Number:

(92-42) 9212632


Section 4.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Program Agreement by or on behalf of Punjab may be taken or executed by its Governor or by such other person or persons as he shall so designate in writing notified to ADB.

(b) Punjab shall furnish to ADB sufficient evidence of the authority of each person who will act under paragraph (a) of this Section, together with the authenticated specimen signature of each such person.


Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Program Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Program Agreement to be signed in their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

ASIAN DEVELOPMENT BANK

By 
 HARUHIKO KURODA
 President

PROVINCE OF PUNJAB, PAKISTAN

By 
 MUHAMMAD NAEEM KHAN
 Ambassador of the Islamic Republic
 of Pakistan to the Philippines
 Authorized Representative