
LOAN NUMBER 2484-PAK

PROGRAM AGREEMENT

(Sindh Growth and Rural Revitalization Program Cluster – Subprogram I)

between

ASIAN DEVELOPMENT BANK

and

PROVINCE OF SINDH

DATED 17 DECEMBER 2008

PAL: PAK 41545

PROGRAM AGREEMENT

PROGRAM AGREEMENT dated 17 December 2008 between ASIAN DEVELOPMENT BANK (hereinafter called "ADB") and the PROVINCE OF SINDH (hereinafter called "Sindh").

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 sixty-four million nine hundred thirty-eight thousand Special Drawing Rights (SDR64,938,000) on the terms and conditions set forth in such Loan Agreement, but only on condition that the proceeds of the Loan be made available to Sindh and that Sindh agrees to undertake certain obligations towards ADB as hereinafter set forth; and

(B) Sindh, 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) Sindh shall carry out the Program with due diligence and efficiency, and in conformity with sound administrative, financial, environmental, private sector participation, public expenditure management and rural economic practices.

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

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

Section 2.03 Sindh shall maintain, or cause to be maintained, records and accounts adequate to identify the items of expenditures financed out of the Counterpart Funds as specified in paragraph 7 of Schedule 5 to the Loan Agreement, to disclose the use thereof in the Program, 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 2.04. (a) ADB and Sindh shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) Sindh 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 this Program Agreement, or the accomplishment of the purposes of the Loan.

(c) ADB and Sindh 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 and the Loan.

Section 2.05. (a) Sindh shall furnish to ADB all such reports and information as ADB shall reasonably request concerning: (i) the Counterpart Funds and the use thereof; (ii) the Program; (iii) the administration, operations and financial condition of Sindh to the extent relevant to the Program; and (iv) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, Sindh shall furnish to ADB and the Borrower an annual report on its budget performance not later than six months after the conclusion of each Financial Year and quarterly and annual reports on the implementation of the Program during the Program period. 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 period under review, steps taken or proposed to be taken to remedy these problems and proposed program of activities and expected progress during the following period.

(c) Promptly after the 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, Sindh shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and implementation of the Program, including its cost, the performance by Sindh its obligations under this Program Agreement and the accomplishment of the purposes of the Loan.

Section 2.06. Sindh shall enable ADB's representatives to inspect the Program facilities and relevant records and documents relating to the Program, including the application of Counterpart Funds as specified in paragraph 7 of the Schedule to this Program Agreement.

Section 2.07. (a) Sindh shall, promptly as required, take all action within its powers to implement and carry out the Program.

(b) Sindh shall at all times conduct its business in accordance with sound administrative, financial, environmental and public resource management practices.

Section 2.08. Except as ADB may otherwise agree, Sindh shall apply 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 expenditures financed out of such proceeds 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 Sindh 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

Facsimile Numbers:

(632) 636-2444
(632) 636-2424

For Sindh

Additional Chief Secretary (Dev)
Planning and Development Department
Government of Sindh

Facsimile Number:

(92 21) 921-1922

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 Sindh 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) Sindh 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.

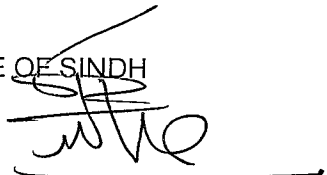
IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Program Agreement to be signed in their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

ASIAN DEVELOPMENT BANK

By 

RUNE STROEM
Country Director
Pakistan Resident Mission

PROVINCE OF SINDH



By _____
ZAFAR HASAN REZA
Authorized Representative

SCHEDULE

Program Implementation and Other Matters

Program Management

1. Sindh shall appoint P&DD as the Program Executing Agency to be responsible for the overall implementation of the Program, including coordinating the implementation of policy actions by various departments, Program administration, disbursements, and maintenance of program records.
2. A Steering Committee, chaired by the Additional Chief Secretary (Development) and comprising the Secretaries from all the Program implementing agencies, shall oversee Program implementation. The Steering Committee shall meet quarterly and post its major decisions on the website for the Program, to be established within one month of the Effective Date. ADB may be invited to participate in the Steering Committee meetings as an observer.
3. With respect to the rural revitalization core policy area under the Program, Sindh shall establish an Executive Committee chaired by the Chief Secretary to provide overall policy guidance and oversight for such area.
4. The Program implementing agencies shall be FD, the Board of Revenue (BoR), the Agriculture Department, the Industries Department, the Health Department, the Works and Services Department, the Irrigation Department, and the Livestock and Fishery Department. A focal person shall be appointed in each of the IAs, except in FD and BoR.
5. P&DD shall establish a Program Management Unit (PMU). The PMU shall coordinate the activities of the Program implementing agencies. The PMU shall also be the secretariat to the Steering Committee. An Economic Reform Unit in FD and a Project Management Unit in BoR for the computerization of land records and establishment of the land administration and revenue management information system shall be established, and will coordinate with the PMU. The PMU shall be responsible for day-to-day Program implementation activities.
6. Sindh shall ensure that the PMU Director proposed for selection is communicated to, and mutually agreed with, ADB, and that such Director will not be replaced without the mutual consent of Sindh and ADB to ensure stability in Program management and effective Program implementation.

Counterpart Funds

7. Except as ADB may otherwise agree, Sindh shall ensure that the Counterpart Funds are used to provide necessary budget appropriations in support of the following priority programs and projects:
 - (i) \$65,000,000 equivalent for increasing rural investment and improving rural service delivery;

Schedule

- (ii) \$1,000,000 equivalent for GoS-managed demand driven Advisory TA-related activities during the Program Cluster implementation period; and
- (iii) \$34,000,000 equivalent for computerization of land records, computerized performance-based monitoring and evaluation, seed capital for the Viability Gap Fund and the Project Development Fund, and restructuring and adjustment costs relating to public sector enterprise divestment or restructuring.

8. To help bring about successful implementation of rural investment schemes, Sindh shall ensure that budgetary allocations for such schemes are sufficient and funds are available in a timely manner. With respect to carrying out rural empowerment and social mobilization programs, subject to execution of a memorandum of understanding between GoS and a consortium of NGOs comprising the National Rural Support Program, the Sindh Rural Support Organization, Sindh Agricultural and Forestry Workers' Coordinating Organization and Thardeep Rural Development Program, Counterpart Funds shall be channeled through such NGOs.

Consultation

9. Sindh shall keep the ADB informed of, and shall consult with the ADB on (i) proposed amendments to the Agricultural Produce Markets Act (1939) to eliminate restrictions limiting the private sector in establishing and managing wholesale and bulk markets; and (ii) proposals for restructuring or divestiture of the Sindh Small Industrial Estate Corporation, Sindh Industrial Trading Estate Company, Sindh Seed Corporation, and Sindh Agricultural Market Committees.

Advisory TA

10. Sindh shall ensure that in carrying out the policy measures and activities included under the Policy Matrix, due consideration is given to the findings and recommendations of the Advisory TA. Sindh shall take into account ADB comments on the findings and recommendations of the Advisory TA when formulating policy measures for this and upcoming programs in Sindh.

Counterpart Financial and Human Resources

11. Sindh shall ensure that the necessary financial and human resources are provided for computerizing land records and improving monitoring and evaluation of the Annual Development Plans. The specific amount of financial resources and number and composition of human resources shall be included in the action plans for these two activities to be agreed by Sindh and ADB.